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An Important Financial Event

ON subsequent pages will be found a condensed report of the meeting held in Chicago December 10 and 11 for the purpose of taking preliminary action looking to the organization of an International Financing Corporation, with a capital of \$100,000,000 and authority to issue and sell debentures to the amount of ten times the capital, that is to the extent of \$1,000,000,000. The Chicago meeting took definite action looking to the immediate formation of the corporation, appointing an organization committee and taking up a subscription for the purpose of meeting the expenses incidental to organization.

The outlines of this new piece of financial machinery have been presented in previous issues of **THE BANKERS MAGAZINE**, and a more detailed account of the plan may be had by reference to the report of the Chicago Conference appearing elsewhere in this number.

The formation of this new corporation marks an important departure in American financial history. It is the first time a corporation has been formed under Federal law to engage in foreign banking and with power to sell its obligations to the public. It is comparable in importance to the Federal Reserve Act itself, of which measure the new law forms a part. But it differs from the Federal Reserve Act in a very important respect. The latter was compulsory while the new law is voluntary.

It is recognized that to form a financial corporation like that which the Edge Law authorizes, designed to benefit all classes in the community and all sections, is a matter presenting some difficulties. The country is so large and its interests so numerous and diverse that more than ordinary skill will be called for in reconciling these divergent elements. Unselfishness must be the keynote of the new organization. Up to the present such unselfishness has been a notable feature of the movement for establishing this urgently-needed financial mechanism. Mr. John McHugh, whose untiring energy and ability have done more than any single influence to bring about the establishment of the corporation, has announced that he

will accept no office to which there is any compensation attached. There is also a gratifying spirit of coöperation evident among the various sections and classes throughout the country. Bankers, manufacturers, merchants, farmers and industrial workers will all find the new corporation of direct practical helpfulness, and the reasonable expectation of their coöperation is entertained.

Like every other important financial expedient adopted in the United States, the new corporation comes into existence under the pressure of necessity. The first Bank of the United States grew out of the financial chaos following the Revolution; the Independent Treasury System was a necessity after the closing of the second Bank of the United States and the inability of the Government to get back its deposits placed in a number of the state banks of the time; the National Banking System was a Civil War necessity; the Act of March 14, 1900, which might be called a credit-strengthening act, grew out of the panic of 1893 and the experiences of a few years later in trying to maintain the gold standard; the Federal Reserve Act was the direct result of the panic of 1907. Finally, the Edge Law and the corporation now being formed under it are the products of the war, and the absolute necessity of taking some new steps to supplement the work of the banks in keeping our foreign trade going.

The law itself, the plan of organization and the objectives are all such as to enlist the united support of the bankers and the people of this country. Perhaps we need at this time, as never before, to show our ability and readiness to coöperate, and the corporation now forming gives us a fine opportunity in this direction. It gives us all a practical chance to work together for the common good. The result of such action would greatly help in restoring confidence in business circles.



Abolishing Money

The Council of People's Commissioners has directed the Russian Finance Commissioners to prepare a plan within a month for the abolishment of money.—*Associated Press.*

DURING the reign of Lycurgus, in Ancient Greece, money was dispensed with, and the introduction of that now highly-valued adjunct of modern civilization was regarded as the beginning of the decline which finally reduced the enlightened Greeks to the position of vassals. For a time iron money was used, which was so heavy and of such little value that it had no great attraction or popularity.

If the love of money be regarded as the root of all evil, surely

the goods which money will buy may become equally obnoxious. Only the miser who gloats over his hoards of gold cares anything for money of itself. Others want money solely for what it will buy. To make the abolition of money really effectual in bringing about the perfect conditions which many people imagine to be attainable, ownership of goods will have to be discarded also, and that experiment was tried by the Athenians. They also tried some of the other supposedly advanced ideas which are now being held out as a lure to those who are impatient of the restraints which are imposed by modern civilization. But these expedients did not save Greece. They are interesting now only as curiosities of a civilization which exists chiefly in the monuments it has left along with some noble philosophic ideals.

Man could exist without money. He could also exist, in the right kind of climate, without clothes or shelter. In the ultra realms of scientific thought there are those who claim that he can live without food. So far this claim awaits complete demonstration. But if our present complex civilization is to be maintained, if we are still to have and to enjoy the many things which money will buy, we shall find dollars of some kind quite handy things to have about.

Many people, observing how small a percentage of money enters into daily business transactions, have concluded that a system might be devised which would completely dispense with the necessity for using money at all. They fail to perceive that it is the comparatively small amount of money, always in the background but ever ready to discharge its functions, which permits the circulation of so much credit. Money is the touchstone by which the worth of the credit instruments is proved.

True enough, the Federal Reserve Act did abolish all legal requirements for holding money in the vaults of the national banks, but no bank, it is ventured to say, conducts its business without plenty of money on hand.

The perverseness of human nature can hardly be ascribed to money more than to lands, goods, houses, plate, dress, furs, jewels, automobiles and yachts. Abolish property in all these, and there is no certainty that man would be any better. In fact, rather creditable evidence exists that before property in these had become the fashion, man was far from that perfect being which the modern enemies of wealth imagine appertains to a position approximating a state of nature.

The attempt to make money the scapegoat for the world's ills only serves to illustrate once more humanity's fruitless endeavor to find a remedy for idleness other than work and for thriftlessness other than thrift.

The Plight of the Farmers

DISCOURAGING reports come from various parts of the country regarding the financial situation of the farmers.

Dwellers in cities and large towns will no doubt be greatly surprised at this information. From the high prices they have been paying for nearly all food products, they had reached the conclusion that the farmers of the United States must be rolling in wealth. These simple-minded urbanites failed to perceive the distinction between the prices obtained by the producer on the farm and those charged by the retailers. But even allowing for this difference, which is a very large one, the farmers have been getting good prices for nearly everything they raised in the last three or four years. Whether they have made anything like the profits which these prices superficially indicate is another matter altogether. Probably the increased cost of carrying on operations hit the farmer rather harder than it did other lines of business. At all events, there are loud and widespread complaints about the financial condition of the farmer, and strong representations are being made as to the necessity of doing something to relieve the distress.

It may be interesting to inquire why the farmer has not taken advantage of the recent years of prosperity to strengthen his financial position. Possibly, like many others, he was deceived by the sudden accession of comparative wealth and expected the easy times of the war to last forever. Instead of prudently saving, and reducing his debts, in too many cases he suddenly advanced his scale of living, and bought more and more land at constantly advancing prices. In other words, the farmer showed his human propensities just as others did. Perhaps the very frugality of his life before the era of war expansion accounts for his tendency to rush to the other extreme once the occasion presented itself.

The farmer undoubtedly has been hard hit by the sudden fall in the prices of his products. With almost record crops, he finds their value this year nearly \$5,000,000,000 below that of a year ago. In the case of corn alone, a record crop exceeding that of the preceding year by 374,000,000 bushels, the reduction in value is estimated at \$1,662,000,000.

Without more complete statistics, it can not be positively said that the farmer himself is to blame for the loss he has sustained on account of having held his grain for higher prices. A good deal of this has been done, no doubt. And where the farmer has taken such a course he became a speculator, and if he has lost must console himself with the thought that losses as well as gains are the invariable concomitants of the game.

But from reports covering a wide section it would seem that a

large part of the present season's crop was thrown back on the farmers' hands. This does not represent hoarding. Our export situation became so congested that crops were no longer marketable at a fair price. It may be said with considerable justice that the farmer must take his losses, just as manufacturers and merchants are doing. But no one can fail to see that if these losses are so severe as to imperil the solvency of a majority of the farmers of the country, it is something to be avoided in so far as possible. The case may as well be plainly put. Farming lies at the base of our industrial and commercial activity. If it is to be allowed to sink into a condition approximating bankruptcy our whole economic system will be in danger of collapse. And while admitting that artificial stimulation has been the cause of much of the present agricultural derangement, the conclusion can hardly be escaped that the farmers of the country are not in a position immediately to stand all the loss which the present low prices entail. Their losses must be distributed over a longer period if they are to bear the burden at all.

Among the expedients proposed for helping the farmers out of their plight the revival of the War Finance Corporation and the imposition of heavier duties on agricultural imports have received favorable consideration in Congress. The need for some helpful action in behalf of the farmers was thus expressed recently in a letter from Mr. Otto H. Kahn of New York:

"The farmers, especially in the Northwestern States, are discontented and under a sense of grievance with the existing order of things. Theirs is a toilsome and none to well requited calling at best, involving inevitable hardships and deprivations. The vital necessity of the farming industry needs no emphasizing. The immense social value to the state of the farming class is beyond argument. If there is one calling which has a higher claim than another upon the helpful consideration of the state among those which make up the sum total of the nation's activities, it is that of the farmer. The just grievances of the farmer call for immediate, intelligent consideration and for effective redress. If that redress can only be made effective by methods which are new and somewhat unpalatable to the established ways of business, then the less important will have to yield to the more important, i. e., business convenience and customs to the true welfare of the farming industry."

One may not approve measures tending toward inflation or favor permanent intervention of the Government in behalf of the farmers, but no thoughtful citizen who has any knowledge whatever of the existing agricultural situation can fail to wish to see it relieved in the wisest manner possible and with no unnecessary delay.

Making Democracy Safe for the World

TO make democracy safe for the world is a task far beyond the strength of any mental Hercules now alive. Indeed, democracy has never been safe anywhere it has been tried. It has been tried at all only in a limited way. Many people loosely use the word "democracy" in describing the form of government prevailing in this country. How mistaken this view is appears in a pamphlet recently issued by the American Educational Association, Philadelphia, under the title, "What Is a Republic?" The pamphlet says:

"The contrast between a democracy and a republic is not less plain than that between night and day or between black and white.

"It is the essence of a democracy that the people rule directly.

"It is the essence of a republic that the people rule through representatives.

"The nearest approach to a democracy in ancient times was afforded by Greece, but it represented only a small minority of the people—the majority being slaves. One of the most notable achievements of this actual democracy was the putting of Socrates, the greatest philosopher of his time, to death.

"In modern times the democratic principle has been applied in a limited way in the Swiss cantons.

"Perhaps the Russian soviets for a time exhibited most strikingly the methods and results of an attempt to establish a democracy. The workmen in factories voted themselves such hours and pay as they wished. Soldiers in the trenches established their own code of military rules. Children in the schools voted rebellion against their teachers. Sailors aboard ships voted to ignore the orders of their captains. The authority of parents over their children was put aside in a like way. The confusion that resulted from this attempt at Simon-pure democracy led to despotism by Lenine and Trotsky as the remedy.

"Practically all authorities agree that a pure democracy is not feasible in any country having a wide area and large population.

"One of the secrets of great business success is to choose carefully men of ability and integrity for given duties and then to allow them full scope in working out their problems.

"A republic works in much the same fashion as a business corporation. The latter is managed by officers appointed by the board of directors, who are chosen by the shareholders. So in a republic, the legislatures, Congress and the Executive elected by the people appoint the managers. The shareholders cannot themselves directly manage the business of the corporation, and endless confusion and hopeless inefficiency would result if they attempted to do so. Who would wish to ride on a train operated according to the complex and

various whims of the many shareholders of the road, rather than by the definite rules established by the properly appointed officers and executed by skilled subordinates?

"And if in private enterprises, in the hands of a comparatively limited number of owners, mass management is utterly destructive of the orderly conduct of business, how much more is this true of a state or nation where the voters, intensely absorbed as they are in their own affairs, run into the millions.

"The great and wise men who framed our Constitution, conscious of the solemn duties imposed upon them, avoided the one extreme of an aristocracy where privileged classes alone could rule, and also the other extreme where an irresponsible mass might put into effect the fleeting prejudices and passions of the hour. They not only avoided each of these dangerous extremes, but guided by the light of ancient and modern experience they deliberately established a representative republic, which ensured liberty to all, not only by the precepts set up but by the prohibitions ordained to prevent oppression of the minority by the majority.

"For one hundred and thirty years the storms of the world have beat in vain against the indestructible rock of our representative republic."

In recent years we have been adopting some of the expedients of democracy—direct legislation, the initiative, the referendum and the recall. The result has been a mass of ill-digested laws, difficult of comprehension and in many cases impracticable to enforce.

Before we again go into the idealistic enterprise of imposing democracy on the world, we would do well to inquire what democracy is, in order that we may be sure that the remedy which we are so confidently recommending to others is a good one, especially in view of the fact that the framers of our own Constitution decisively rejected it.



Protecting American Enterprise Abroad!

THIS new era of expansion of American enterprise into foreign countries revives interest in the future policy of the Government of the United States in respect to the movement. Heretofore the Government has had no consistent policy, but has quickly rushed from the extreme of blustering and bullying when some minor affair was in question to that of complete indifference when vast property interests were involved. One Administration is for applying the utmost limit of severity in holding foreign governments responsible for the loss of American property, while another Administration is positively scornful whenever any American citizen

ventures to request that his investments abroad be given any protection whatsoever.

It is left to the judgment of those having had experience with foreign enterprises and investments under different Administrations to say whether or not these statements are exaggerated. Of course, either extreme is wrong. What would seem to be the true course of dealing with this matter was thus clearly stated in the final declaration of the Seventh National Foreign Trade Convention at San Francisco:

"The Government should maintain as a principle of foreign policy that American enterprise abroad is entitled to the same measure of protection from the Government of the country where domiciled that foreign enterprises domiciled in the United States receive from this Government."

This establishes the true doctrine of reciprocity. Certainly, if we afford the protection of our laws to the enterprises of another country domiciled here, we have a right to expect that an equal degree of protection will be given to our business men who establish themselves in the country we are thus favoring. The advantage of this policy is not ours alone. It tends to encourage the investment of American capital abroad, something greatly needed under existing conditions. The Government has already assented to the principle in question as applying to our participation in the Chinese banking consortium.

At best the world is so disturbed as to make the investment of American capital in almost any quarter a matter of more than ordinary risk. Unless the Government is disposed to make such investments the subject of its peculiar concern, it can hardly be expected that they will be made in any considerable volume.



The Republican Party and the Federal Reserve Act

APPARENTLY inspired outgivings from Washington are to the effect that one of the first acts of the new Republican Congress and Administration will be to modify the Federal Reserve Act in an important way, and possibly to repeal it altogether.

As one of the severest and most persistent critics of the unsound and undesirable features of the measure in question, **THE BANKERS MAGAZINE** protests against any such action, and for the following reasons:

The Federal Reserve Act never has had a fair opportunity of

showing what it could do under ordinary conditions. Its operations have been wholly within a period when financial and general economic conditions were upset by a great war. The Federal Reserve System did provide, after we got into the contest, that expansion of credit and currency which the exigencies of war demanded. It has not yet shown the same adaptability to the deflation of credit. Nor need this be a surprising matter. Banks are a good deal like individuals—it's much easier to create debts than to wipe them out. Where the banking system is under political control, as is the case with the Federal Reserve System, the successful carrying out of a policy of credit deflation becomes increasingly difficult. The Federal Reserve Board, in the present situation, has labored diligently to keep credit within bounds. Congress has not commanded a more liberal policy, but has recommended it.

If in the course of a few years it should be shown that the Federal Reserve System not only provided the expansion which the war called for, but that it has been able to accomplish an orderly deflation as well, and furthermore that during normal times it exercises a stabilizing influence upon the financial, industrial and commercial situation, it will have succeeded in justifying the claims which its friends have put forth in its behalf.

Why not give the system a fair trial—which it has not yet had—and see if it really can do all these things, or at least can meet the situation far more efficiently than was done by the individual banks before the Federal Reserve System was instituted?

On the other hand, if the Federal Reserve System is seriously defective, either in its principles or mechanism, let us have a fair opportunity of demonstrating that fact. Such an opportunity has not yet been given. It may be quite possible—indeed it is extremely probable—that some of the policies which have been criticized were compelled by the demands of war finance. Surely, with the insistent calls of the Government the Federal Reserve Board never had an unhampered hand in guiding the financial destinies of the country.

What is here argued for is that the Federal Reserve System should be given a chance to prove its qualities, be they either good or bad.

THE BANKERS MAGAZINE can not believe, in the absence of convincing proof to the contrary, that the personal and political friends whom the President may designate as members of the Federal Reserve Board are likely to prove competent mentors of the country's banking. It is just old-fashioned enough to believe that such men ought to be chosen by the clearing-houses of the country, and should represent the cream of American banking character and skill. Nor can THE BANKERS MAGAZINE ever concede, without clear proof that it is mistaken, that the diminished ratio of reserves, the compulsory lending of all legal reserves to the Federal Reserve Banks,

and the complete transfer of reserves from the banks where they were originally accumulated and used for the benefit of the respective territories under the direction of skilled bankers acquainted with the conditions and needs of their respective localities—that all these changes were not unsound and inflationary in principle or unjust in their methods of application. The taking over by the Government of practically all the earnings on funds furnished by the banks savors of confiscation.

In making these criticisms the great benefits are fully conceded which have followed the measurable unification of banking which the Federal Reserve System has established, the issue of notes against commercial paper and coin, improvements in the methods of check collection. These and other marked improvements—such as the permission for foreign branches—have indeed wrought great and beneficial changes in our banking structure.

The record which the Republican party made during its last years of power does not tend to establish a basis for confidence in its ability and disposition to legislate wisely on banking and currency. In the face of the panics of 1893 and 1907 it gave the country only the Act of March 14, 1900, and the Act of May 31, 1908. No comprehensive legislation was attempted. The labors of the National Monetary Commission resulted in the proposal for a gigantic central bank, but this came to nothing. As a matter of fact, the Republicans threw away a magnificent opportunity to give the country a thoroughly sound and efficient banking system. It is now too late to retrieve that error.

There are enough disturbing elements in the situation just now without adding the uncertainties which would attach to any radical changes in our banking system. Such changes could be made intelligently only after a careful study of the operations of the Federal Reserve System under fairly normal conditions. No such study can now be made. Until we have sufficient grounds for concluding, on the basis of our own experience, that the Federal Reserve System is unsound and inefficient, proposals for changing it, whether arising from political hostility or disappointed personal ambitions, should not be entertained.



Annual Report on the Finances

THE important position which the Treasury Department has come to occupy perhaps can be best understood by the fact that the personnel has increased from 8,138 at the beginning of the war, April 6, 1917, to 29,955 on September 30. To this latter figure the number had declined from a maximum of 35,267 on October 31, 1919. Naturally with this increase in personnel there has

been a very marked enlargement of Treasury operations and the account of them, contained in the Annual Report on the Finances, is so voluminous as to render an adequate digest of it no small task. Much of the matter in the volume deals with transactions and policies of serious concern to the welfare of the country. At the outset of his report Secretary Houston takes a hopeful view. He says:

"During the war forces were set in motion which no government could or did control. No government succeeded, for instance, in checking the rising tide of costs and prices. After the armistice, with the return of millions of men to productive activities, with the beginnings of more normal conditions everywhere, with the restoration of better transportation on land and sea, and with the fuller contribution of nations once more to the world's stock of goods, reverse forces were set in operation which no government can thwart. These forces were the natural aftercurrents of a world war and resulted in a financial and industrial cycle typical of periods immediately following great struggles, but of unparalleled intensity. They set up very complex problems, which have sorely taxed the best thought of private and public leaders everywhere; but this nation faced them with characteristic calmness; dealt with them for the most part with marked effectiveness; proceeded in orderly fashion; and is now slowly and cautiously, but confidently, feeling its way to more sound and stable conditions.

"That a nation which so splendidly withstood the greatest financial strain of history can now satisfactorily cope with the much less serious situation confronting it and attain its objective would seem to admit of no reasonable doubt. Its failure to do so would be a reflection on the patriotism as well as on the intelligence of its people. It emerged from the war incomparably strong. It has immense liabilities; it has great debts; but it has enormous resources, and the only question is whether it will utilize and direct them wisely. The need of the exercise of plain common sense, of patience, of the effective realization that burdens of war do not end with the fighting, of hard work, of thrift and of economy, private and public, Federal, state, county, and municipal, is so obvious as to render emphasis and discussion of it unnecessary."

Reviewing the attempt of the Federal Reserve Board to check the rate of credit expansion, the Secretary points out that between January 23, 1920, when the advance was made in the discount rates of the Federal Reserve Banks, and the end of September the loans and investments of all banks in the country expanded approximately \$1,000,000,000 and the Federal Reserve note circulation \$460,000,000. Accommodations extended to agriculture, industry and commerce increased in the same period between \$3,000,000,000 and \$4,000,000,000.

"The banks of the nation," says the Secretary, "generally recognized their obligations to see that the fundamental activities of their several communities were supported. As indicated, they largely increased their accommodation for agriculture, industry, and commerce. Loans for speculative purposes were discouraged and largely reduced. Where discrimination had to be exercised loans for essential purposes were given preference; and Federal Reserve Banks in the industrial sections rediscounted in large volumes for those in crop-moving sections. There was not only no contraction, as was asserted in many quarters, but an actual considerable expansion of credits. But still, for reasons beyond the control of banking establishments, or of the Government, prices of farm products fell, and fell suddenly; and those who were distressed began to look in other directions for relief.

"The first impulse of many who were searching for a way out was to turn to the Government, and especially to the Treasury, as the sole instrumentality for full economic salvation. This disposition, well developed before the war, was reinforced during hostilities by practices of the Government which became necessary for the successful prosecution of the war and for the preservation of national life. It is the same disposition which causes resort to the Government for appropriations for all sorts of enterprises, many even of a purely local character. It is this disposition, rather than self-aggrandizing efforts of Federal departments to extend their functions, which is the main explanation of mounting Federal budgets and of centralizing tendencies frequently criticized. If there is a fault, and that there is one there is little doubt, the blame must rest largely on the public which remains quiescent while interested groups are clamorous. When the people appreciate this fact there will be a remedy, and not until then.

"This attitude so extremely manifested is unwholesome and menacing, and it is of the highest importance that individuals and communities return to a normal degree of self-help and self-reliance. We have demobilized many groups, but we have not demobilized those whose gaze is concentrated on the Treasury."

Secretary Houston then points out why the Treasury was not in a position to grant the relief demanded, the Government itself being a borrower and therefore having no funds to lend or surplus to deposit. He advances strong arguments against reviving the activities of the War Finance Corporation.

The Secretary finds an improvement in the Treasury position, and records a decrease in the public debt:

"The total ordinary receipts of \$6,694,565,388.88 for the fiscal year 1920, on the basis of the daily Treasury statements, exceeded those for 1919 by \$1,542,308,252.45, while the total net ordinary

expenditures decreased from \$18,514,879,955.03 to \$6,403,343,-841.21.

"The gross public debt, which reached its highest point on August 31, 1919, amounting to \$26,596,701,648.01, had dropped on October 31, 1920, to \$24,062,509,672.96, on the basis of daily Treasury statements. Of very particular significance is the marked disappearance from member banks of Government war securities held by them and the reduction of their loans on such paper. On May 2, 1919, holdings by 771 member banks in selected cities of Government war securities and loans on such paper, exclusive of rediscounts, aggregated \$4,083,193,000, while on October 29, 1920, those of 823 member banks in the same cities stood at only \$1,750,638,000. On May 2, 1919, the bills held by Federal Reserve banks secured by Government war obligations amounted to \$1,788,068,000, and all other bills to \$373,999,000, while on October 29, 1920, the former had been reduced to \$1,203,905,000 and the latter had increased to \$1,895,767,000. This fortunate result was brought about in part by the reduction of the public debt, especially of the floating debt, but more particularly by the distribution of the securities among permanent investors.

"The cessation of the Treasury's borrowing, except through short-time certificates of indebtedness, was also a matter of consequence to the people of the country as a whole as well as to the holders of Liberty bonds and Victory notes, and has had an important bearing on the matter of effective credit control. The year has been characterized by the progressive relative withdrawal of the Treasury from the domestic credit market and from a position of dominant influence. By the beginning of the fall this withdrawal had reached the point where the influence of Treasury borrowing was comparatively limited. The future course will necessarily depend upon the extent to which economies are practiced and the amount of the burdens placed upon the Treasury, as well as upon the industrial developments and the maintenance of tax receipts on a sufficiently high level."

Secretary Houston proposes that the Victory notes be made receivable for the payment of income and excess profits tax, thus reducing their total to about \$3,000,000,000 at the time of maturity. This, he believes, will make it possible to refund such part of the loan as may be necessary on terms advantageous to the Government.

Thorough revision of the internal revenue taxes is demanded, and the excess profits tax comes in for special condemnation.

The Secretary of the Treasury takes a strong position against consolidating the outstanding war loans into long-time bonds bearing a higher rate of interest. As this proposal is now receiving

favorable consideration, a statement of the Secretary's views in detail will be found pertinent:

"There has been no little discussion during the year of the necessity of taking governmental action to improve the market prices of the outstanding issues of Liberty bonds and Victory notes. Many of the proposals have been utterly untenable, as, for example, that all outstanding issues be given the circulation privilege, or be converted into interest-bearing currency. It is unnecessary to do more than suggest the disastrous possibilities of adding \$20,000,000,000 of potential currency to the country's circulation. More insistent suggestions have been either that the Liberty bonds be converted into tax-exempt obligations or that they be exchanged for securities bearing a higher rate of interest. The Treasury has consistently and vigorously declared its opposition to any such schemes. It opposed on public grounds the cash bonus proposals for soldiers. It even more strongly opposes bonus proposals of this sort for capital. The obligation of the United States is to pay the principal of the Liberty loans at maturity and the interest in the meantime. That obligation will be met. As financial conditions become stabilized, moreover, the market prices of Liberty bonds and Victory notes should inevitably appreciate without imposing upon the country the additional burden of higher interest rates on the \$20,000,000,000, or thereabouts, of funded Government obligations. Most competent judges have little doubt that the outstanding Liberty bonds and Victory notes will gradually return toward par in the near future, and that they will perhaps go to a premium before their maturity. There has, in fact, been a considerable recovery in the market prices of both Liberty bonds and Victory notes during the past few months notwithstanding the general credit stringency and the prevailing scarcity of capital.

"The most fundamental objections to the suggestions that the Liberty loans should be refunded at this time in order to improve their market prices are that the funding is unnecessary, that it would tend to perpetuate the war debt, and that it would upset the Treasury's well-considered programme of debt reduction. The Liberty bonds and Victory notes are now funded obligations and do not require to be refunded at this time. There are many instances of the refunding of loans at or near maturity, at a lower rate of interest, but there are few instances of their refunding before maturity at a higher rate of interest. Such an operation would not be a refunding in any proper sense. The maturities of the Liberty bonds and Victory notes, with the options to the Treasury of redemption prior to maturity, were carefully arranged with a view to give the Treasury adequate control over the debt, and to make it practicable for the country to follow an orderly programme of retirement. To refund the Liberty loans now into a long-term consolidated loan

could only tend to perpetuate the war debt and relieve the healthy pressure for its retirement."

With the outcry against heavy taxation and the prevailing belief that "posterity" can be made to pay a substantial part of the war debt, it will be difficult to resist the demand for a "refunding" of the war loans.

The Secretary estimates that the year 1921 will show a gross deficiency in the revenues of \$2,005,037,119.67 and the year 1922 a gross deficiency of \$1,448,581,211.67.



Growth in World Debts and Currencies

FROM a detailed discussion of world national debts and paper currency, appearing in the November issue of "The Americas," issued by the National City Bank of New York, prepared by the bank's statistician, Mr. O. P. Austin, it appears that world national debts which increased from \$43,000,000,000 in 1913 to \$212,000,000,000 at the date of the Armistice were \$256,000,000,000 one year later and \$300,000,000,000 in November, 1920, two years after the Armistice. World paper currency which increased from \$7,500,000,000 in 1913 to \$43,000,000,000 at the date of the Armistice was \$55,000,000,000 one year later and \$82,000,000,000 in November, 1920, the end of the second peace year. The ratio of gold to world paper currency, which averaged 66.3 per cent. in 1913 and 17.6 per cent. at the close of the war, was 13.5 per cent. at the end of the first peace year and 9.2 per cent. on the second anniversary of the Armistice. Annual interest charges on world national debts, which were about \$1,750,000,000 per annum prior to the war, were approximately \$9,000,000,000 per annum at its close, and now more than \$12,000,000,000 per annum. These figures are in all cases based upon the pre-war par value of the currencies of the respective countries but are in all cases exclusive of currency or other obligations of the Soviet Government of Russia.

"Most of the after-the-war increase in national debts and paper currency occurs in Europe. National debts in North and South America show an actual decline in the second peace year and but a trifling increase in Asia, Africa, and Oceania, while national debts in Europe increased \$30,000,000,000 in the first year following the Armistice, and \$45,000,000,000 in the second year, just ended. Paper currency, which increased about \$2,000,000,000 in North and South America in the second peace year and showed a slight reduction in Asia, Africa and Oceania, increased \$11,000,000,000 in Europe in the first year following the Armistice, and \$26,000,000,000 in the year just ended. Europe's share of the world national debt is 86 per cent., and of world paper currency 88 per cent."



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**Vice-President Mechanics and Metals National Bank, New York
Chairman Organization Committee National Trade Financing Corporation**

THE ability, energy, tact and disinterestedness shown by Mr. McHugh have done a great deal to assure the success of the Foreign Trade Financing Corporation, now in the process of organization. As chairman of the American Bankers Association's Committee on Commerce and Marine, Mr. McHugh has labored indefatigably in preparing the outlines of the new organization and in bringing this important movement to a successful issue. He has refused an invitation to become president of the corporation, but if it is the wish of the board of directors he will become chairman of the board, with the understanding that his services shall be without compensation. Mr. McHugh's address on "America's Foreign Trade Opportunities," delivered at the Chicago conference, accompanies the report of the conference.

Foreign Trade Financing Corporation

Chicago Conference Authorizes Its Immediate Organization

AT a meeting of some five hundred bankers and business men, held at the Congress Hotel, Chicago, December 10 and 11, authorization was given for the immediate formation of a hundred million dollar Foreign Trade Financing Corporation, to be organized under the Edge Law. The meeting was representative of the various sections of the country and of all business interests, including farming, and it is the expectation that bankers, manufacturers, merchants and workingmen will all unite in making the new corporation a success, since its aim is to further the welfare of all.

An idea of the nature and purpose of the new corporation may be best obtained from the report of the committee on plan and scope, presented at the Chicago conference and unanimously adopted.

REPORT OF COMMITTEE ON PLAN AND SCOPE

The committee on plan and scope appointed at the meeting called by the American Bankers' Association, to be held in the City of Chicago, on December 10 and 11, 1920, respectfully reports that it has carefully considered the method of organizing a corporation to be organized for the purpose of foreign trade financing, and hereby makes the following report and recommendations:

That this committee does fully approve and adopt the features of the plan for the organization of a corporation for the purpose of foreign trade financing as set forth in the report of Mr. John McHugh, as chairman of the committee on commerce and marine of the American Bankers' Association. This committee believes that the details of the organization of such a corporation cannot be determined by this committee in the time at its disposal, but that the plan and scope of such a corporation and the details of its organization should be left to a permanent committee on organization consisting of thirty members with authority to add to its number and to fill vacancies and with authority on the part of said permanent committee to take all steps deemed by it to be necessary or appropriate to organize and bring into operation a corporation under the provisions of the Edge Act, with a capital of \$100,000,000, for financing American for-

ign trade; that it receive subscriptions to the stock of such corporation, with provision for such surplus as may be deemed by it to be appropriate; that it nominate the first board of directors, which should be representative of commerce, finance, agriculture and industry, with due regard to geographical representation, and that it nominate as well the principal executive officers of such corporation.

That said permanent committee on organization consist of the following members:

Chairman, John McHugh, New York City; Herbert Hoover, Palo Alto, Calif.; Paul M. Warburg, New York City; John S. Drum, San Francisco, Calif.; James B. Forgan, Chicago; F. O. Watts, St. Louis, Mo.; Lewis E. Pierson, New York City; Charles H. Sabin, New York City; Arthur Reynolds, Chicago; J. R. Howard, Clemons, Ia.; Thomas E. Wilson, Chicago; Fred I. Kent, New York; J. G. Culbertson, Wichita Falls, Tex.; Levi L. Rue, Philadelphia, Pa.; Philip Stockton, Boston, Mass.; Oscar Wells, Birmingham, Ala.; Julius H. Barnes, Duluth, Minn.; A. C. Bedford, New York City; Herbert Myrick, Springfield, Mass.; Alexander Legge, Chicago, Ill.; Joseph H. Defrees, Chicago, Ill.; John S. Lawrence, Boston, Mass.; E. M. Herr, Pittsburgh, Pa.; Roy D. Chapin, Detroit, Mich.; John J. Raskob, Wilmington, Del.; Chas. A. Hirsch, Cincinnati, O.; Peter W. Goebel, Kansas City, Kans.; Thomas B. McAdams, Richmond, Va.; John Sherwin, Cleveland, O.; Geo. Ed. Smith, New York City.

That this meeting raise an underwriting subscription to be at the disposal of the committee on permanent organization for the proper expenses of organizing the proposed corporation.

That the adoption of this report be deemed to be full authority to said permanent committee on organization to proceed with the organization of said proposed corporation in accordance with this report.

COMMITTEE ON PLAN AND SCOPE,

By JOHN H. FAHEY, *Chairman*.

December 11, 1920.

Joseph H. DeFrees, John S. Drum, J. R. Howard, J. G. Culbertson, John W. Staley, Henry Wallace, George Ed. Smith, Lewis E. Pierson, Arthur Reynolds, F. O. Wetmore, Walter W. Head, Harry A. Wheeler, F. O. Watts.

The report of the committee on resolutions, presented by Waldo Newcomer, president of the National Exchange Bank, Baltimore, presents in greater de-

tail the conditions which led to the formation of the corporation and the objects which it expects to achieve.

REPORT OF COMMITTEE ON RESOLUTIONS

Your committee on resolutions has given its earnest consideration to the report of Mr. John McHugh, chairman of the commerce and marine commission of the American Bankers' Association, and desires to submit the following preamble and resolutions:

Whereas, A nation-wide conference of representatives of agriculture, industry and finance is now in session here at the call of the president of the American Bankers Association, to consider the country's foreign trade situation and to take steps, if deemed advisable and practicable, leading to the formation, in accordance with the plan approved by the association, of a foreign trade financing organization on national lines, such organization to be incorporated under the Federal Reserve Act as amended by the Edge Law and to have an authorized capital of \$100,000,000; and,

Whereas, This conference recognizes the necessity of meeting the present critical situation with respect to the domestic and foreign trade of the United States, especially the export of agricultural products, raw materials and manufactured goods, so urgently needed abroad, and to insure the future stability of our export trade; and,

Whereas, The foreign trade financing plan, as approved by the American Bankers Association, will serve the prosperity of the United States by permanently strengthening the country's foreign trade position; and,

Whereas, Foreign buyers require longer credit than can be supplied under our present system and are prepared to furnish adequate collateral or well seasoned securities; and

Whereas, The operation of this organization will result in the broadening of the export market, thus relieving this country of surplus stocks of all kinds, with the result of stabilizing prices and benefiting all lines of trade, agriculture and manufacturing, and will have an especial tendency to encourage production, thereby insuring to labor of all kinds steady and productive occupation; therefore, be it

Resolved, That it is the sense of this meeting that a foreign trade financing corporation, with an authorized capital of \$100,000,000, be organized at once on the general lines approved by the American Bankers Association and committees of the Chamber of Commerce of the United States, the National Foreign Trade Council, the American Manufacturers Export Association, and the American Exporters and Importers Association; and be it further

Resolved, That the extension of credit by

the corporation should be confined to the countries where there is a stable government and where there is an assurance of integrity of purpose; and, be it further

Resolved, That the operations of the corporation should be confined to financing for the benefit of future foreign trade; and, be it further

Resolved, That, believing the development of this project will mean so much to the country as a whole, we urge the financial and practical co-operation of all members of agriculture, manufacturing, financial and labor interests; and, be it further

Resolved, That a committee of representative men be formed, giving due consideration to geographical districts and various lines of agriculture, industry and finance, charged with the responsibility of organizing the aforesaid corporation.

All of which is respectfully submitted.

WALDO NEWCOMER, *Chairman*.

Herbert Myrick, George R. Meyercord, Chester L. Dane, Fred I. Kent, C. A. Hinsch, Owen D. Young, Jackson Johnson, G. W. Wattles, Willis D. Longyear, Chellis A. Austin, E. H. Cunningham, G. A. Ranney.

The report of the committee on resolutions was adopted by a unanimous vote, and a committee was appointed to receive subscriptions for defraying the organization expenses. A large portion of the fund needed was immediately subscribed. Active steps are being taken by the organization committee to get the corporation in operation with the least possible delay, and it is expected to be ready for business about February 1. Under authority granted him by the Chicago Conference, John McHugh, chairman of the committee on organization, has appointed the following members of the executive committee of the organization committee:

Fred I. Kent, vice-president, Bankers Trust Company, New York; Julius H. Barnes, Barnes-Ames Company, Duluth, Minn.; Paul M. Warburg, New York; Thomas E. Wilson, president Wilson & Co., Chicago, Ill.; Lewis E. Pierson, chairman of the board, Irving National Bank, New York; Herbert Myrick, treasurer Orange Judd Company, Springfield, Mass.; Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati, Ohio; George Ed. Smith, president Royal Typewriter Co., New York.

Preceding the action above indicated,

an address was made by Mr. John McHugh, outlining the present foreign trade situation and explaining the benefits which might be expected from a corporation such as is now in process of organization. Mr. McHugh's address follows:

AMERICA'S FOREIGN TRADE OPPORTUNITY

Address before the Foreign Trade Financing Conference, Congress Hotel, Chicago, Ill., December 10, 1920, by John McHugh, vice-president Mechanics and Metals National Bank, New York; chairman Commerce and Marine Commission, American Bankers Association.

The acknowledged lack of adequate banking and credit machinery to finance our foreign commerce and at the same time take every proper care of our tremendous domestic needs, suggests that we of this nation have been somewhat neglectful of our responsibilities and heedless of our opportunities.

Prior to the outbreak of the war in 1914, we were a debtor to the rest of the world to the extent of approximately four billions of dollars. Out of the earnings of our railroads, mills and factories, we sent abroad each year upward of two hundred millions of dollars in the settlement of interest and in payment of dividends. Europe had loaned to us, and had invested her capital in our railroads and industries, to an extraordinary degree, and as a result we sent annually more goods abroad than we could take in return.

We practically depended upon London to finance such foreign trade as we then had. The pound sterling was the currency of international commerce. Our great stock exchanges and boards of trade were merely national in their scope. We had no co-ordinated banking system. We had no discount market, nor even the machinery for developing one. More self-contained than any other single nation, we allowed our foreign trade to shift for itself. We imagined that sales abroad were not vitally necessary, and that domestic demands would absorb all that we produced. We organized no machinery to finance export sales in a sound, orderly, systematic way.

Great Britain, on the other hand (and that nation is referred to only as an illuminating example), was creditor to the rest of the world in an amount estimated at close to twenty billions of dollars. To it, an island nation, foreign trade was its very life blood. For generations Great Britain had made itself the great trade nation of the world. It developed a marvelous and wholly adequate machinery for developing and financing world commerce.

As part of this machinery there might be enumerated its acceptance houses, its bill brokers, its credit system centralized at the Bank of England, its great discount market, its mercantile marine, and its investment trusts—great corporations which bought foreign securities and sold debentures issued



HON. WALTER E. EDGE

against them to the public, all in the interest of its foreign trade.

A NEW CENTER OF FINANCE

Europe was the center of world-finance when the war broke out in 1914. Then the state of affairs changed dramatically. Europe turned to us. The Allies desperately needed foodstuffs, munitions and manufactured materials, and bought them in our markets. They could not spare us goods in return, so began paying gold; then they sold back to us our own securities; and later borrowed on Government credit. Having sold in haste we financed our exports in haste; credit was extended in each particular case in the way that met with least resistance.

When we entered the war in April, 1917, we had already practically wiped out our debt abroad. As active belligerents, we went on shipping the products of our farms and the output of our factories to Europe on an

even greater scale, and stimulated our production and expanded our industrial plants to enable us to do so. Our Government financed the purchases of Europe by extending loans abroad aggregating nearly ten billions of dollars. Shortly after the close of the war, loans on the part of our Government to other governments ceased. But, contrary to many expectations, the great demand for our goods continued. The result was that foreign trade continued to be financed in numerous supposedly short-term ways—by the purchase of foreign exchange bills, by extensions of credit from exporters here to their foreign customers (often followed by borrowing at the banks to meet the shortage of working capital thus brought about), and in several other ways which need not be described in detail.

It is estimated that the floating debt of foreign countries to ourselves, thus created, has now reached almost \$4,000,000,000. The creation of this great debt has served one purpose. It has enabled our foreign trade to go on. It has brought our total of loans to foreigners to \$15,000,000,000, and enabled us to pass Great Britain as the leading creditor nation of the world.

But in extending short-term credits to finance exports during 1919 to 1920, we as a people did not stop to consider the total effect on our business and financial structure. These credits were called "short term" but really were not. They could be shifted about within the country, but so long as our exports exceeded our imports and so long as people abroad could not meet their obligations with goods, gold or investment loans, they could not be paid off. Thus it is seen that \$4,000,000,000 of floating credit, extended to facilitate our export trade, has been one of the leading factors in bringing about the credit stringency in the United States, and that stringency, in turn, has been one large factor contributing to the recent violent decline in commodity prices.

No one will maintain that it has ever been a proper function of commercial banks to finance a relatively permanent one-sided balance of trade. Because, however, they have been drawn by circumstances into doing this, and because our banking machinery until recently supplied no adequate remedy for the situation that consequently arose, the commercial banks have been brought virtually to the end of their ability to supply further credit in the export field, and unless a remedy is found, our export trade must be severely curtailed.

CONDITIONS BROUGHT ABOUT BY WAR

We find ourselves to-day in a state of affairs which grew inevitably out of conditions prevailing in the last two years. For the year and a half following the armistice we were lifted on a great wave

of what we called prosperity. Prices and wages were high and rising higher. Spending at home was generous and unstinted. Other nations bought our goods as never before—in fact, measured by values, we sold more goods abroad during that year and a half than we did during any like period of Europe's desperate war period.

Conditions are now changed. Our extraordinary prosperity has stopped. Factories and mills have shortened their hours of work; many even have closed down. As for prices, these have fallen sharply; in the last half year wholesale prices on an average have dropped twenty-five per cent. Corn, the country's greatest food crop, is selling for less than one-half its price of a few months ago. Cotton, our greatest single export commodity, upon which a great section of this country depends for its living, has fallen from more than forty-three cents a pound earlier in the year to below sixteen cents a pound.

Goods prepared for export have backed up at all our seaports owing to ineffectual means to finance their shipments and our markets are glutted in consequence. Yet the irony of it all is that the outside world could use all the surplus products we might spare, and Europe is still calling urgently for our goods and for our aid.

We are here to-day to consider these conditions, and to give careful thought to a step to meet the emergency which these conditions has developed. This is the proposal to bring into existence a foreign trade financing corporation through the united effort and co-operation of the country's bankers, business men and producers.

BANKERS PREPARE FOR ACTION

Some of our bankers in 1918 recognized whither we were drifting. In the fall of that year—before the armistice was signed—a resolution was adopted at the annual convention of the American Bankers Association, declaring that the Association

"Pledges itself to support by every means in its power the development of export trade, to encourage manufacturers to enter upon this field of distribution, and to provide, as rapidly as possible, adequate facilities for financing export operations sufficient to meet every reasonable demand that may arise."

The appointment of a commerce and marine committee made up of bankers representative of all parts of the country was the direct and immediate result of the adoption of that resolution. This committee, specifically charged with the study of this important question and with bringing the results of that study before the Association, felt that it had a particular function

to perform, and proceeded to apply its best efforts to it.

There is no need to detail all the activities of the committee. Suffice it to mention the more important features of its work. Four reports in all were presented by the committee to the Association. Each of them met with unanimous approval. From the first the committee believed that the most vital matter for its consideration was some adequate means of financing our foreign trade. It applied itself to this subject not only with the idea of developing something of a constructive character, but also with the desire of ascertaining well informed business and banking opinion regarding our foreign trade and what might be suggested as a means of maintaining and increasing it. From the time of the introduction in Congress of the Edge Bill, which was proposed as an amendment to the Federal Reserve Act, the committee felt that here was remedial legislation which would make possible the machinery to finance our foreign trade. It followed the progress of that legislation closely. It gave counsel when requested and as seemed fitting. It canvassed the entire banking community of the country upon it, and presented the results of that canvass to Congress.

When the measure became a law it was felt to be the special province of the committee to ascertain what the banking and business community thought could be done under it for the benefit of American foreign trade. It was quickly recognized that this opinion would be much more definitely ascertainable if a concrete proposal were submitted for consideration. It was because of this recognition that a foreign trade financing plan was formulated and presented to the bankers of the country.

A VALUABLE INSTRUMENT OF INTERNATIONAL WELFARE

That plan outlines the formation, under the Edge Act, and through the united effort and co-operation of bankers, business men and producers, of a corporation with sufficient resources to make it a really valuable instrument of international welfare. The executive council of the American Bankers Association, when the plan embodied in a report of the committee was presented to it last spring, approved it and requested the president of the association to appoint a committee of three to confer on the plan with similar committees appointed by other responsible national organizations. Such committees were appointed by the directors of the Chamber of Commerce of the United States and the Chairman of the National Foreign Trade Council.

These three committees, which for working purposes formed themselves into a Joint Committee, after serious considera-

tion of all possible measures to meet the situation, recommended that steps be taken as soon as practicable to organize such a corporation with a view to commencing business on or about January 1, 1921, with an authorized capital of at least one hundred millions of dollars. The capital was placed at this figure because under the law the debenture issuing ability of a corporation of this character is limited to ten times its capital; and a billion dollars is considered none too much for the purpose for which it is to be used.

In the recommendation of this joint committee the commerce and marine committee of the association concurred, and so reported to the recent convention of the American Bankers Association held in Washington in October.

The commerce and marine committee before moving at all in the matter, submitted the plan to the bankers of the country and invited consideration and comment. The comments received from practically every State in the Union were significantly favorable. More than 87 per cent. of the bankers who responded approved the plan, and more than 65 per cent. of those who returned favorable replies stated that they would be disposed to recommend that their institutions subscribe to the stock of the corporation.

As a result of the approval of the plan by the American Bankers Association, the president of the association was empowered to call this nation-wide meeting of bankers, business men and producers.

CO-OPERATION OF THE COUNTRY INVITED

In presenting this proposal to you for your consideration, permit me to say that neither the American Bankers Association as such, the commerce and marine committee thereof, nor any member of that committee, was moved by any intention of organizing on its, or his own behalf, such a corporation as proposed. It was felt that the obvious advantages to the country of such a corporation should be presented to the country at large, and that, if brought into being, it should be at the instance of the representatives of the entire country through united effort to that end. I say this in order that there may be no possible misconception regarding the broad purpose of the proposal that has been made, or of the nation-wide benefit it contemplates.

The Edge Act, which gives the authority to organize such a corporation as contemplated, is an amendment to the Federal Reserve Act. It provides that corporations may extend loans abroad and issue debentures against these loans to the extent of ten times their capital and surplus. National banks are authorized to invest 5 per cent. of their paid-in capital and surplus

in the stock of such individual corporations, and in many cases the State laws permit the State banks to invest a certain percentage of their capital in their stock.

AN IMPORTANT PIECE OF LEGISLATION

In its potential effect for good upon the business of the United States, the Edge Act was probably the most important piece of legislation since the Federal Reserve Act itself. It may fitly be compared with that measure. Like the Federal Reserve banks, Edge corporations are placed under the control of the Federal Reserve Board. The Federal Reserve Act unified our banking system; the Edge Act makes possible the unification of our foreign trade financing. The Federal Reserve System made possible a great extension of banking credit; the Edge Act makes possible a great extension of investment credit.

What the Federal Reserve Act has done in accomplishing its purpose at home, the Edge Act makes possible in financing our merchants in their commerce abroad. The banks of the country subscribed the capital stock of the Federal Reserve banks, and with capital of approximately \$100,000,000, the Federal Reserve banks now report \$1,700,000,000 in deposits, and \$2,700,000,000 in discounts. Edge corporations can likewise extend credits to many times their capital and surplus.

It is proposed now to form a corporation with \$100,000,000 capital under this law, because it is felt that such a large corporation would have every possible advantage over a number of small ones. Such a corporation would attract the best expert talent. It would have the efficiency attaching to large organizations. It would give the utmost protection to the investor. It would be better able to encourage thrift. It would give to every locality the fullest possible use of the capital and funds coming out of that locality. It would claim the highest degree of public confidence at home, and by virtue of its prestige and position would exert a certain and commanding position abroad.

ESSENTIALS OF REAL PROSPERITY

It is important that we keep in mind, in all that we say and do at this time, those two essentials of real prosperity, *thrift* and *production*. Without these thoroughly inculcated into the American people, our future as a creditor nation will not be at all as secure as we would have it. The success of the plan that is proposed is based upon these two essentials; upon *thrift*, in order that a part of the savings of our people may be used to finance our foreign trade and thus sustain our prosperity; and *production* in order that we may spare the means of supplying foreign markets with-

out subjecting ourselves to increased prices for our own needs.

This plan does not suggest inflation. Of that we have had enough. Nor does it suggest the absorption of existing credit. What it does suggest is the setting aside, through the exercise of sane economy, of a reasonable percentage of our great annual production of wealth, estimated at seventy billions of dollars. It suggests the investment of that reasonable percentage in securities growing out of our foreign trade.

If we here seriously determine that the plan of organizing a large corporation as outlined is worthy of our best effort, we should likewise determine as far as possible on its plan and scope of operation.

We should emphasize that the policy of the management shall be first to safeguard the stockholders' investment.

We should emphasize that the affairs of the corporation must be so managed that it will be, not only an emergency measure, but a permanent instrumentality for the purposes for which it is brought into being.

We should here adopt articles of incorporation and by-laws, and we should name, if possible, at least some of the men into whose hands we are willing to entrust the destinies of the corporation.

We should here name a tentative board of directors, and in selecting its members we should be guided by the wishes and opinion of the different groups of bankers, business men and producers representing different parts of the country in this meeting. The board of directors should be representative of the entire country; it should comprise bankers, business men and producers.

We should determine the manner of securing subscriptions, which, it is proposed, shall be received at the rate of \$105 per share of \$100, thus providing \$100 of capital and \$5 of surplus for each share subscribed. We should make it understood that there would be no underwriting or promotion stock.

SERIOUSNESS OF THE UNDERTAKING

It is a herculean undertaking, but if each one of us here, before this conference adjourns, subscribes, as I hope each one will do, individually for the stock, and has his institution subscribe, I have no doubt that the example will be followed so widely that success will be assured. Your leadership will demonstrate your confidence in the corporation and your earnest intention to use your every effort to bring about its full success will undoubtedly have the very best results.

We should especially strive to make every single man in the United States see this opportunity, and, rather than secure large subscriptions from comparatively few quarters, our aim should be to secure subscrip-

tions from every bank and industrial enterprise in the United States.

The law provides for the payment of twenty-five per cent. of the capital at the commencement of business, and the balance in installments of at least ten per cent. of whole amount every sixty days thereafter. Payments of subscribers would thus be extended through the year 1921 and well into 1922, and the corporation would still be able to do business on as large a scale as it could safely undertake, in view of the necessity of a careful checking up of all conditions which might surround its every operation.

Debentures distributed by the corporation, secured by high class foreign obligations that the corporation would receive, could undoubtedly be distributed over a wide territory.

Every stockholder, so far as practicable, should become an agency for distributing the debentures of the corporation. These debentures should be absorbed by the public—not by means of excessive borrowing, with which policy we had sad experience during the war and since—but by saving. To promote this helpful spirit, and to promote the general business of the corporation, avenues of education are available that were never heretofore available to any large enterprise in this country. We have the friendly attitude of the American Bankers Association, with its membership of over 22,000 banks. We have the expressed helpful attitude of a number of the State Bankers Associations of the country, many of the officers of which have indicated their readiness to help us. We have the sympathetic interest of the directors of the Chamber of Commerce of the United States with its constituent membership of upwards of 700,000. We have the encouraging attitude of the National Foreign Trade Council, the American Manufacturers Export Association, the American Exporters and Importers Association, and we have the almost universal public opinion that we must extend long time credits to those of other nations who can safely and wisely borrow from us and use the proceeds in purchasing American goods.

A VALUABLE CORPORATION

Reference has been made to the similarities in the Federal Reserve Act and in the Edge Act. They are very striking, but between the two laws there is this great difference. The coordination provided by the Edge Act is purely voluntary. This, then, presents a challenge to our initiative. In the interest of the nations that are calling for our goods, and in the interest of the prosperity of this country, are we willing, are we capable, have we the enterprise, to cooperate in a truly effective way in forwarding our foreign trade? Can we accept

this great emergency as a stimulus to great achievement? If private enterprise can bring this to pass, it will have a tonic effect on private enterprise everywhere.

FINANCING OF FOREIGN TRADE NOT A GOVERNMENT FUNCTION

There has recently been a great deal of pressure to have the Government undertake this task, and to resume some of the functions which it exercised during the war. Such agitation has overlooked the economic principle that the financing of foreign trade, in times of peace and for purely commercial reasons, is not a function of Government. Practically speaking, the methods of Government are too rigid to cope with such a task. For it to lend money or credit, directly or indirectly, to European importers, would be certain to bring criticism and dissatisfaction, and to lead to charges of favoritism. In many instances there might be pressure for loans in which purely commercial considerations would be obscured by political considerations. A direct financial interest of the American Government in loans to European private individuals and corporations might lead to embarrassing international consequences, and further loans to the European Governments themselves would probably meet with strong popular disapproval. If the Government undertook this task there would undoubtedly be objection on the ground that taxes were being increased for the entire country, or that Government loans were being floated primarily to promote the interests of particular classes.

Every question of policy demands that even if the Government is moved to undertake this work to meet the present emergency, it should abandon it just as soon as private financial machinery is brought into existence and is ready to operate. For just in proportion as we lean weakly upon the Government shall we cease to be independent and self-reliant. The more we seek to have the Government do for us, the less shall we become able to do for ourselves. As American bankers and business men, we should resist the habit of calling for Government aid in every emergency. The more the Government extends aid to business, the more it must inject a larger interference in business. The President-elect has said that what we need is more business in Government and less Government in business. It depends upon our actions as bankers and business men, no less than upon the action of legislators, to bring this about.

There are many angles to the problems that we are here to discuss which have only been touched on briefly in these present remarks, which I hope may be discussed in greater detail before the day is over. In all our considerations, however, we must

not lose sight of this overshadowing fact, which is seriously affecting American prosperity to-day: much as the people in Europe, South America, Asia, and Australia desire to trade with us, the existing premium on the American dollar is such that no one abroad can prudently borrow and agree to pay on short time. Hence, our export trade is languishing. There are many instances where American business men have actually ceased to carry on business with foreign customers because of the disturbed exchanges; they cannot convert their accumulated foreign funds into American dollars without suffering a severe loss.

If this corporation were to come into existence it could safely loan dollars, which in turn could be placed at the disposal of the foreign debtor of the American business concern with which to pay the latter and thus open up again the flow of our goods where they have now ceased to flow.

One word more concerning the capital of the proposed corporation. While this must of necessity be large, as already stated, its operations should commence in a small and careful way. Undoubtedly the psychological effect of bringing the corporation into existence at an early date would be most beneficial, yet we feel it our duty to emphasize that it must not be considered a "cure-all" for every present ill. If it hopes to be permanent, it must not make unsafe or unwise loans, hence its operations must be conducted with the utmost care and restraint. But even so there is a sufficient field for its operation to make its influence stabilizing from the start.

MAINTAINING OUR EXPORT TRADE

In considering the future activities of this corporation, it is not contemplated that we, as a people, shall go on indefinitely selling to the outside world more than we buy from it, and indefinitely increasing our loans to the world in the meanwhile. That cannot happen in any case. Ultimately, as the annual interest due to us grows, other nations, in paying it, will send us more goods than we send them. But what is contemplated is that we, as a people, desire to maintain our export trade on sound principles, avoiding any sudden changes that might have disastrous consequences.

It may be well to state here some of the things, in addition to proper financing, which I believe to be prerequisite to our maximum efforts in maintaining and further developing our foreign trade. First, that steps should be taken by those in authority to establish this Government on permanent terms of peace with all other Governments. Second, that we should urge that all other Governments compose their differences at as early a date as possible; that the balance sheets of the late war be completed

without further delay by definitely fixing indemnities, and arriving at a thorough understanding as to the financial obligations of each nation to the others. Third, that we adopt a sane shipping policy and operate our merchant marine efficiently and economically in the interest of our foreign trade. And finally, that our Government protect American investments abroad.

Before closing, there is one thought that should be touched upon; namely, that of the strength of the people to whom our future credit may be extended in the advancing of our foreign trade. It is our suggestion that the scope of the proposed corporation shall be literally world-wide; that its activities shall profitably expand in whatever direction that sound business principles dictate. That means, of course, every country of the world where we can with safety and benefit sell American goods.

THE QUESTION OF EUROPEAN CREDITS

In this connection we have heard objections to dealings with the people of Europe, as though they, hard hit as they have been by a prolonged and costly war, were now hopeless derelicts among nations and men. Nothing could be more shortsighted. For generations the people of Europe have been the chief foreign customers of our manufacturers and merchants, and from all present indications for generations they will be. True, Europe is confronted with serious after-war problems; reconstruction, taxation, inflation, unemployment, social unrest are words that suggest some of the difficulties that are faced.

For practical purposes, however, there remains in Europe more than sufficient strength to supply collateral for the credits that might be advanced for the purpose of financing American exports. Great Britain is even now demonstrating in wonderful fashion the soundness of her economic system; while France, Italy and Belgium, among our recent associates in the war, are presenting, before the world, the noble efforts to "come back." There are businesses and enterprises abroad well able to offer security for our loans, if we care to extend them. Great Britain has shown the soundness of its economic system lately by its steady progress in restoring its exports and in balancing its trade. France has made amazing progress in reconstruction. Its exports so far this year have been two-thirds of imports, as compared with less than one-third in 1919; and this has come about not through a fall in foreign purchases, but because the sales of French products to the outside world have more than doubled.

OUR PLAIN DUTY

Taking the broadest possible view of the opportunity, that is before us, as American

bankers and business men, our duty seems now to be plain. It is, if I may be permitted to put it as I see it, to set up the machinery that will enable us to meet the situation that now exists, and shape that situation to our advantage. We are presented with the opportunity to finance our trade with the outside world on a stable and permanent basis, through the instrumentality of this great corporation which we have in view. By means of this corporation we could provide for the most careful and thorough credit investigation and the strongest commercial safeguards in the interest of American capital. By means of this corporation we could supply the materials to keep factories and mills running, in the interest of foreign customers. By means of this corporation our loans would be protected, and we would lend in each individual instance only as we felt assured of the security of each particular loan.

Only as we face the situation that is before us boldly, will we seize our present opportunity to maintain our foreign trade, preserve our prosperity, and mitigate our present depression. Only so can we take our full part in meeting our present responsibilities to the world.

EARLIER PROPOSALS FOR AN INTERNATIONAL AMERICAN BANK

[From address by Editor of THE BANKERS MAGAZINE, Pan-American Commercial Conference, Washington, D. C., February 17, 1911.]

If we are to have a foreign bank worth anything, its capital must from the outset be large enough to command respect, and its management must rigidly conform to the soundest requirements of banking. An institution that would not only promote enterprise and develop trade, but that would add to our prestige and increase the respect of others for our business methods.

I believe the time to be ripe for the formation of an International American Bank, with a capital of not less than \$100,000,000, having its head office in New York, with branches in Chicago, St. Louis, New Orleans and San Francisco, and in the great commercial centers of the world.

[From a Pamphlet Issued by the Editor of THE BANKERS MAGAZINE, January, 1915.]

If we are to have creditable banking representation in foreign countries, it can only be through an institution of sufficient size to render its strength unquestionable. A capitalization of \$100,000,000 should be the

minimum at the start, to be increased later as required.

The share capital of such an institution ought not to be owned exclusively in New York or any other single city, but the ownership should be widely distributed, thus making the bank broadly representative of commerce, finance and industry.

It is suggested that a bank of this capitalization, to be called the International American Bank, be organized, with its head office in New York, and branches at the outset in Chicago, New Orleans and San Francisco, branches to be gradually extended to the principal trading points in Latin America and the other countries of the world, and also to such additional American cities as circumstances may warrant.

But aside from the ordinary and special banking functions which an International American Bank could perform, and which would properly come within the range of operations of any thoroughly equipped bank, there is another function which at the present time probably surpasses them all in importance, namely, to provide the connecting link affording to American investors that trustworthy information which would enable them to form an intelligent judgment respecting Latin-American and other foreign government, public utility and industrial securities.

As to the method of securing the capital, that could safely be left to our bankers and captains of industry. The commercial organizations of every part of the country ought to be invited to participate in subscribing for the capital and the principal manufacturing and exporting interests brought into close relations with the bank. It would be desirable, and perhaps indispensable, to enlist the support of the leading banking and financial powers.

Suddenly, through the financial disturbances caused by the terrible conflict in Europe, this problem of extending our banking relations to foreign shores has been thrust from the academic forum into the region of practical things, and we are confronted by an opportunity whose very magnitude calls for almost superhuman wisdom and energy if we are to seize and bend it to our economic welfare.

The translation of these suggestions into practical form demands coöperation. If left to individual effort alone, or to any number of national banks likely to avail themselves of the privilege of establishing foreign branches under the provisions of the Federal Reserve Act, it is extremely doubtful if any very marked expansion of our banking in foreign countries may be expected for a long time to come, and thus the matchless opportunity which now lies before us may pass away never to return. If the commercial organizations and all those interested shall promptly take steps

toward giving practical effect to what is herein proposed, American industry and commerce will receive the support of a powerful ally in their contest for suprem-

acy, and a considerable advance will be made in transferring the world's clearing-house and financial center from the banks of the Thames to the banks of the Hudson.



Banks as Man Developers

The Bank Ranks Next to the Church as the Moulder of Men's Careers

By Ralph B. Blodgett*

THE chief function of banks is to promote financial success, both individual and corporate. Their greatest purpose is to extend all the banking service that men need for success to millions who do not know they need it or that they need more of it. To better accomplish this purpose banks can improve their service in three ways: they can make it more attractive; they can teach the individual to grow financially all his life; and they can extend to him every banking service, one by one in logical order, to make his life a financial success, or at least to make him independent. This order will approximate the order in which successful men have used banking services. It runs something like this: savings account, checking account, personal credit account, business accounts, investment service, and trust services culminating in the execution of the will.

THE BANK EXTERIOR

The first problem is to make the banks themselves more attractive. The interiors of most banks are cheerful and home-like, but the exteriors of too many give a cold, blank stare through barred windows that keeps out a thousand-fold more customers than yeggmen. The millinery store arranges its most beautiful creations in an attractive window display. The high-class confectionery store whets the appetite of the passerby

by keeping delicious confections in view. Department store windows invite people inside; so do windows of cigar stores, haberdashery stores and in fact, nearly all retail stores.

Many banks are now competing for the consumer's money by employing as salesmen attractive window displays. A Los Angeles bank leads the country in this respect. The advertising manager of this bank has put bee-hives in the windows to symbolize thrift and to draw crowds. During a Los Angeles booster campaign he put in some highly interesting displays of local industries. Once he put into the windows some posters inviting people to come in and get a free booklet on wills. Several hundred of these booklets were given out in a few days, and in a short time the trust department was appointed executor of a good number of wills. The bank receives an average of about sixteen thousand dollars from twenty thousand home safes held by its depositors. The window displays are in a good measure responsible for these results.

The safety and integrity of banks is so generally recognized that it is no longer necessary for them to wear that frigid burglar-proof impression. There may be communities, possibly of foreigners, where there would be distrust

*This paper by Mr. Blodgett won second prize in the contest recently conducted by THE BANKERS MAGAZINE for the best papers on banking subjects.

of banks that did not look as safe as a prison, yet in the main, most people will be attracted by a bank that looks inviting and friendly.

THE SAVINGS DEPARTMENT

The advertising of banks should radiate enthusiasm for getting ahead and at the same time instill commonsense and impart knowledge.

Let us examine the propaganda of each kind of banking service to see how it can be improved. The savings literature of to-day tells us to save something each pay day, to sacrifice petty luxuries, to make a budget. It tells of the wonders of savings bank interest compounded, and it shows how much certain regular savings will amount to in five, ten, or twenty years. It also vaguely hints at the great opportunities for the man with capital. In saying that a man must save in order to become rich it often gives the impression that saving is all that is necessary. Down in his heart the man knows that this is not true. He does not feel that a five thousand dollar fortune is worth fifteen years of self-denial. He is inclined to discount the bank's advice as the preaching of a joy-killer.

What if the automobile advertiser made him feel that it was his unpleasant duty to pay for a car and its upkeep in order to take a much needed rest in the country four times a month? What if the advertiser told him how badly he needed the extra social intercourse a car would bring him? What if he told him he must sacrifice many little luxuries that brighten his life in order to pay for a car, gas, and repairs? The advertiser would sell cars to those few who have enough will power to act on a bare appeal to reason. Yet if he makes people feel the thrill of speeding over fine country roads, through the woods, over the hills, or past blue lakes, if he imparts the hilarity of picnics, or if he appeals to the pride of owning a powerful and beautiful car, he will sell cars by the hundred. If he also gives a few logical reasons to justify the buying of a car, he will sell still more.

Savings literature might just as well tell the working man that a savings account is only the first step toward success and that the faster he accumulates a capital, the sooner he will be ready for the next step. It might well tell him that successful men build fortunes by studying their jobs, by giving the greatest possible service and thus securing advancement, by advancing year by year to better positions, as well as by saving more money with every increase in pay. The savings talk could get him interested in his work. They could fire him with ambition to advance to better positions. They might urge him to maintain or improve his living conditions by making his income grow apace with his ever-increasing family expenses. They might show him how a stationary income for a man with a family is bound to lower his standards of living and cause discontent. They might well show him how fast his savings will accumulate when he has enough to invest in good bonds, and how he can use the interest to help rebuild his savings account for more investment. They might also show him how much faster he could save if he bought a home and had no rent to pay.

By telling the depositor to save for investment the savings bank will lose the principal of some of its most profitable accounts, but at the same time it will gain the accounts of hundreds of people who can thus see something to save for; it will also bring to life some dormant accounts and it will be able to retain the investors as fairly profitable

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customers. The savings bank is like a private school whose policy is to promote and graduate its students rather than to retard their progress for more tuition.

Even when the bank is advising men to sacrifice luxuries, it can use attractive appeals. It can show him what really constitutes getting full value for his money, and thus make him enthusiastic about getting full value. It can stir his ambition to afford a better living and subtly teach him that he can afford to buy only those things which will not interfere with the regular substantial increase of his capital. It can tell humanly interesting stories of how men got ahead by buying only what they could afford, and how others were sorely inconvenienced by the retrograde of extravagance.

Women are said to hold the purse strings of the nation. They spend about seventy per cent. of the money that goes for retailed goods. The woman's account is therefore especially valuable. She can make it grow by patronizing bargain counters and by economizing in many other ways. What are the things a woman can save for? She can save to buy bonds and build up an income of her own, or she can save for household conveniences and labor saving devices to enable her to get along comfortably without help when help is scarce. She might save for a piano and music lessons for her children; she might save for their college education; or she might do the saving for the whole family. Savings bank advertising can suggest a hundred attractive things for the woman to save for.

Whatever the advertising teaches, it

must subtly permeate the minds of the people with the idea that one can afford nothing that will interfere with the regular monthly and annual increase of the family's capital or permanent investment; it must also tactfully teach that a luxury is not an extravagance unless it gives too little real satisfaction for the cost or unless the original cost or the upkeep—the car, the gas, or the maintenance of the motorists social position—interferes with the regular increase of capital. The advertising literature must also inspire confidence in the bank officers' willingness and ability to guide depositors in making investment.

THE COMMERCIAL DEPARTMENT

If the commercial bank has a savings department, it can very profitably tell the savers how business-like and convenient a checking account is and thus develop them into good customers for both departments. It should make them feel that the bank is building his success by extending his financial operations.

Much of the present commercial bank advertising tells people that the bank gives excellent service and that it has good banking connections. It says that bank credit is necessary to financial growth, but it tells neither how to build nor how to use it. It also tells the depositor in an impersonal way that the bank is interested in their success and that the officers are always prepared to give good counsel.

What more can the advertising tell? To the new customer—a man who would rather watch a good base ball game or see a picture show than to read dry bank ads—it must tell interesting stories of how other baseball fans like himself have built credit and made money on it. It must show how they have studied their jobs and advanced by giving service, how they were able to advance by building credit, and how they made money faster by borrowing it. It must fill him with the desire to do likewise. Right here some bankers will raise the objection that telling men they ought to borrow money will cause

great annoyance from men who want the bank to back impossible schemes. The bankers are probably right. But what I mean is that statement enclosures, mailed folders, and other advertising matter should both tell all the requisites for credit and make credit appear so attractive and profitable that men will qualify for it.

Credit is more valuable than the cancellation of old debts after a financial set-back. Robert Dollar lost the savings of fifteen years at one blow. He got a job in a lumber camp and proceeded to pay back some heavy debts that he could have cancelled. Because he did so, his employer made him a partner and gave him financial help. To-day he owns two fleets of ships on the Pacific Ocean and is the greatest exporter of lumber in America. Captain Dollar is only one of the thousands of men who have valued credit so highly.

Credit is extended to men who are in the habit of paying their debts promptly. Credit is based on their business ability and on their integrity. It is based on their health, their insurance, and their incomes. It is based upon their average checking balance. It is curtailed for those who gamble or make social splurges beyond their incomes. It is extended more freely to those whose wives are thrifty, and to those who make substantial increase in their assets.

Credit is a mind-easing assurance that all will be well in case of financial set-back. Unused it is free insurance against misfortune. It buys homes and saves rent; it buys securities and builds independence; it buys stock in business and builds modest fortunes; and it finances industries and builds those that are already great.

What the banks should stress most is that credit building opens the way to promotion. To induce competition for the jobs higher up will increase production, and it will increase either the income or the buying power of those who do not win promotion. The banks can reduce economic loss and waste by making sane money habits become general.

Banks finance both luxury and necessity industries; they finance transportation and local trade; and they profit most when industry and trade flourish. It is therefore to their interest to make the people want larger incomes in order to afford more good things and to have them, that is, buy all they can without interfering with their steady accumulation.

Bank advertising can make progress and independence seem so attractive and desirable that the sacrifices involved will be unfelt. Probably the best method of operation is to tell humanly interesting stories of men and women who have won success. However, if stories of well known men are used, it will be necessary to show enough of the intensely human side of those men to overcome the prejudice against them.

If the bank deals in securities, it can sell its customers safe investments. It can at least guide them in investing in homes, in business, and in securities of all kinds. It matters not what securities or valuables a customer buys, it is up to the banker to sell him a safety deposit box to relieve his mind of worry. As soon as a man accumulates any considerable property, he should make a will, and moreover, there is every reason why he should appoint the trust department (if there is a trust department) as his executor. A certain New York bank finds that most of its trust business comes from those who have safety deposit boxes. Obviously the

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trust department of a commercial bank has a fine source of business in the mailing lists of the checking depositors and safety deposit customers, especially if the bank has made it a policy to tell them how to get ahead rather than to merely tell them it is interested in their success. If the strictly commercial bank puts into its advertising a little enlightenment about trusts and security investment, it can more effectively convince people that it is really interested in their success; thus it will win the confidence of the depositors and their friends.

* THE CREDIT DEPARTMENT

There will be comparatively few men who will either take active control of established businesses or embark in enterprises of their own. These men will be the commercial bank's most important customers both because their personal accounts will grow to considerable size and because their business accounts will come to the bank. Every year a large number of small concerns and some good-sized ones go to the wall because of bad business methods. Since the banks which finance these failures often lose heavily by them, it is of interest to all bankers to make sure that their business customers are operating on sound principles. It is impossible for the bank's officers to give much personal attention to guiding the business of its customers, but would it not be profitable for the bank to issue booklets on management of factories, stores, and sales force, or up-to-date information on business efficiency? Or could it not at least furnish lists of the best booklets or books on various business subjects? There is a special need for educational propaganda to those who are starting in business for themselves. The cost of such literature as would insure efficient management and steady growth of local business houses would be negligible compared with the resulting profits and insurance against loss.

THE TRUST DEPARTMENT

The last stage in the successful business man's career, and the principal

stage in the progressive employee's career, is the consolidation of his surplus into a safe and diversified investment estate. This stage should culminate in the execution of his will, which should have been made early and been revised occasionally to suit new conditions.

As age advances the active business man wants to reduce his activities; he may want to travel or spend his spare time on his country estate. In either case he wants to be free from all the details a trust company can take care of. In general the advertising that explains these various services could make more vivid the freedom and relief that such services make possible. Students of advertising are coming to believe that the best way to sell any commodity or service is to sell the satisfaction, the freedom, the joy, or the fun obtained from using the commodity. Vacuum cleaner advertisers sell easy and clean work by showing pictures of a woman cleaning house in afternoon dress. The best phonograph advertising sells the fun of dancing and the pleasures of listening to the great masters of music instead of selling a piece of furniture with mechanism in it.

Stories make the most interesting form of reading matter for old and young of all classes. Stories, then, of how men have enjoyed the freedom from the routine work of their estates, and stories of how they have enjoyed the convenience of travellers' checks, and of trusts that pay for the upkeep of real estate, and stories of how men make living trusts to provide for dependent relatives are effective business pullers for the trust department. Of course, not all the advertising should be in story form, that would be monotonous, but more stories might well be used.

The advertising for executorship of wills should make a man feel that in making a will he is, in one way, adding forty years to his life. His chief work in life is to provide a living for his family, and when he makes his will and provides a trust for the future, he is only making sure that his family will have an income no matter what hap-

pens to his business or his health. Al-lusions to death or disaster have little place in trust advertising. They merely detract from a man's hope that he may be with his family for a good many years more.

Probably the best arrangement a man can make is to create living trusts for the care of his property and for any dependents he may have outside his immediate family; he can provide in his will for the continuation of those trusts and for payment of his regular business or insurance income to his family. The will and trusts will then operate very nearly the same while he lives as afterwards, and with a minimum of trouble for his family when they are least fitted for it.

ADVERTISING AND THE BANK

It is hard to say how much advertising a bank should use. The advertising matter can be so sparse and weak as to be entirely lost, and it might be so heavy as to eat up the profits of the bank. It should, nevertheless, be vigorous enough to compete successfully with other advertising for the consumer's money. The expense of it should be considered mainly as an investment, for it may take a savings or checking account two or three years to pay for all the initial and overhead expenses. The progressive bank is just like the progressive man: its assets, its income, and its profits must grow all its life. Therefore it must make its services attractive enough to compete with other advertised services.

The advertising matter addressed to those in the early stages of banking must not only tell people to save, it must induce them to work, to learn and save. If it stimulates interest in work and creates desire to understand it, it will increase production. It will reduce the cost of living by bringing more necessities and luxuries within the range of all. Interest in work will stimulate invention and thus reduce the proportion of unskilled labor; at the same time it will increase the number of men fitted for the responsible posi-

tions. There never have been enough good men for these positions.

It is best for the young man to start at the bottom. The army camps demonstrated that every young man needs a certain amount of physical labor. When he marries, he adopts a life program of increasing expenditure and he also needs a life program of increasing income. Hard physical labor all his life will wear his body out and make him dependent on his family for support; it will also burden society with another unproductive man. He should therefore advance from muscle to brain work. As his age advances, the chances for death increase and the amount of money his family needs also increases. Therefore his property and insurance must increase as he grows older. There will always be enough well-paid positions for every man with a family to maintain a good independent living. The modern short working day gives men time to think and study their jobs; the general unrest is a sign that men think more now than they did before; and the banks can make a profit by getting them to advance and grow financially.

It has been said that next to a man's religion his finance is the most serious business of his life. If this is true, the bank ranks next to the church in its power to do good. Where the charities

"Where the charities of the church alleviate poverty, the bank prevents it. Where the church builds character by its uplifting influence, the bank can build character by promoting thrift, business ethics and an industrious spirit among the masses. Banks can reduce radicalism and unrest; they can reduce waste from misguided finance, and they can make a profit on every bit of good they do."

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duce waste from misguided finance; and they can make a profit on every bit of good they do. It will then be highly profitable for the banks to make their services as attractive as possible and to develop men by fitting banking service to their needs.



Trust Departments in National Banks

Deciding Whether it is Wise to Open a Trust Department

By Clay Herrick

This is the second of two articles on this timely subject by the author of "Trust Companies; Their Organization, Growth and Management." The two articles will subsequently be published in pamphlet form.—EDITOR.

THE National bank which has under consideration the advisability of opening a trust department has on its hands a problem quite similar to that of a group of men who are proposing to organize a new trust company.

The first question is whether or not there is really a field for the new project. Are the needs of the community in this respect already fully met? If not, is the amount of fiduciary business now in sight or capable of development sufficient to pay for the expense and added responsibility of the department? These questions may be correctly answered only by a careful survey of the local conditions, taking into consideration the size and character of the town or city, its prospects of growth, its education or possible education in the use of the corporate trustee, and the trust facilities already at its disposal. A small town with no particular prospects of growth, for example, will evidently afford opportunity for only one or two financial institutions of any kind. A city of ten thousand inhabitants may support several banks: how much trust business it may develop will depend upon the character of the

inhabitants, their wealth, their attitude towards the corporate trustee, the skill with which their knowledge of and faith in the corporate trustee is cultivated. Ordinarily the small city, and for that matter larger cities in some parts of the country, offer little field for corporate trusts, and the fiduciary work available is confined to individual trusts. In large cities the problem is more confined to the amount of trust services already available. But here it may be observed that many large National banks already have a clientele which could furnish a large trust business provided the clients are not already attached elsewhere for their trust business.

If it be decided that there is a field for such a department, the next question is whether after due consideration of the expense and added responsibility involved, the bank is prepared to launch the new enterprise properly, and to finance it over a period of years, if necessary, until it is on a really paying basis.

In determining this question, we suggest the following considerations:

1. While there are some points in common between fiduciary business and

ordinary banking, these are relatively few and insignificant; and in its essence, this is an entirely new field to the commercial banker. It differs much in principles, in usages, in technique, in legal and personal relations. Its successful operation requires men of technical knowledge and of years of special training in fiduciary matters. The relations extend far beyond those of debtor and creditor and creditor and debtor, to which the commercial banker is most accustomed, and involve new points of contact, new problems, different considerations. The successful commercial banker may sometimes develop into a good trust officer; but if he does so it will not be primarily because of his commercial banking experience, but because of his wider adaptability, his power to understand new relationships and to grasp new ideas.

2. The responsibilities assumed are grave as well as new. As fiduciary the bank will be called upon to decide questions which may involve the comfort, if not the very means of subsistence, of children, invalids, the aged, women unaccustomed to business. If it accepts such business it does so upon the representation, expressed or implied, that it is properly equipped to handle it with skill of a high order. It is bound by law and by good morals to make good on that representation. If it is not equipped to do so, it is sailing under false colors. Aside from these considerations, gross lack of ability and preparedness would of course lead to mistakes and losses, and criticism which would tell against the business already built up, if it did not involve more serious results. It is to be considered, too, that a trust once undertaken is not as easily gotten rid of as a bank account is.

3. Trust business is usually of slow and gradual growth, and as a rule requires years to build to a considerable volume. It will not appear at hand ready-made upon the mere determination of the management to open a trust department. New trusts will come as observation and experience demonstrates to the people that the bank

handles trusts well; and this process requires time. Much of the business will come from the execution of wills, and will not be available until the wills take effect.

4. It follows that the bank establishing a trust department must be prepared to finance it over a period of years until it gets upon a self-supporting, paying basis. For some time, the exact length of which depends upon the existent conditions in each case, it must be expected that the department will be a source of expense and not of profit.

As against these adverse considerations, if the department is successful it may be expected that

1. The business, when built up to a considerable volume, will provide steady and dependable earnings with a reasonable margin of profits.

2. It will retain customers who otherwise might be attracted elsewhere, if they become accustomed to go elsewhere for their fiduciary business.

3. It will act as a feeder of business to other departments, because of the closer relationships formed and the wider acquaintance gained.

PREPARATION FOR THE DEPARTMENT

If it is decided to open the department, the first essential is the selection of a competent man, or competent men, to manage it, since all of the arrangements for the department should be in the hands of someone thoroughly familiar with its needs. Too much emphasis can hardly be placed upon the necessity of selecting a man specially fitted for the place by temperament, ability, knowledge and long training. He must have had the training and the capacity to thoroughly understand the principles, the details and the modus operandi of fiduciary business. He should be a lawyer and in addition should have had long experience in an active trust department. He will need a knowledge of human nature and thorough good sense.

The trust officer must be provided with a well-trained and adequate force of clerks and assistants who know how to attend to the details properly.

The location and equipment of the trust department deserves careful study. The department should be separate, but it should be accessible. The arrangement should permit of private and confidential interviews for people do not like to talk over their private business affairs with others listening. The equipment of the department should be all that is necessary for neat, accurate and speedy work.

In general, the department should be put upon a basis that will command respect and confidence, with reference to its physical appearance, its furniture and appointments, the method in which its work is put out, and the personnel of its officials and employees. The trust department must not be regarded as a more or less necessary "side line." If it is so regarded in the bank, it must be expected that outsiders will reflect the same view. It should have the hearty co-operation of all departments.

OPERATION OF THE DEPARTMENT

The practical operation of the department will of course not vary materially from that of the same department of a trust company. But an established national bank opening a trust department has at hand the material for rapidly building up a nucleus for the new line of business. A sensible first step would be to get the officers and directors to draw their wills, appointing the bank as executor and trustee. Besides providing a source of future business, this will be a vital talking point in interesting outsiders, for if the bank's own officers and directors are not converted to the idea, it will be difficult to interest others. With this start, the next solicitation may well include stockholders and depositors. In the long run business obtained through wills may be expected to furnish a considerable part of the volume of business. It has been estimated that all property in a community changes ownership once in about twenty-five years, largely through the execution of wills.

Cultivation of business in living trusts, insurance trusts, special trusteeships, will of course be pressed as energetically as possible. In some commu-

nities there is a considerable field for the securing of various kinds of corporate trusts—transfer agencies and registrarships, fiscal agencies, etc. Care should be exercised, however, lest in the desire to obtain a volume of business the proper standards are in any way lowered. Character and confidence are the chief factors in building this business. Don't be tempted to act as trustee under worthless bond issues or as transfer agents for purely promotion stocks. Be on the lookout to avoid connection with projects that look plausible but are really questionable.

OBTAINING A PERMIT

The right to grant to national banks the power to act in fiduciary capacities is given to the Federal Reserve Board under section 11, subdivision (k) of the Federal Reserve Act as amended by the act of September 26, 1918. The procedure for obtaining such powers by a national bank is explained in the Board's "Regulation F, Series of 1919."

The first step is to write the Federal Reserve Board or any Federal Reserve Bank for a copy of the application form (Form 61). This form recites a formal application for the specific powers desired, based upon a resolution of the board of directors and duly signed by the officers. It calls for the name and location of the applying bank, the population of the city or town in which it is located, a statement of assets and liabilities, and a certified copy of the resolution of the board of directors. When properly executed, the application is to be mailed to the Chairman of the Board of Directors of the Federal Reserve Bank in the district of the applying bank, and by him will be transmitted to the Federal Reserve Board. Before transmitting the application, the Federal Reserve Agent supplies certain information regarding the powers and regulations as to financial institutions exercising fiduciary powers under the laws of the state in which the applying bank is located, together with such information as he or his board or committee can give regarding the applying bank and its officers, and also

his recommendations as to the acceptance or rejection of the application.

When received by the Federal Reserve Board, the application is first referred to the counsel, who supplies certain legal opinions and recommendations. It then goes to a subcommittee, which supplies information based on national bank examiner's reports, together with its recommendations in the matter. With all of this information in due form, the application goes before the committee, and thence to the Board for final action.

POWERS OBTAINABLE

Under the Federal Reserve Act as it now reads, the Federal Reserve Board is authorized (sec. 11, k) "To grant by special permit to national banks applying therefor, when not in contravention of state or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in *any other fiduciary capacity* in which state banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the state in which the national bank is located."

The Act further states, and as we have seen is justified by decision of the Supreme Court of the United States in so stating, that "Whenever the laws of such state authorize or permit the exercise of any or all of the foregoing powers by state banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of state or local law within the meaning of this Act."

As a practical matter, therefore, a national bank may apply for and, if adjudged competent, may receive any or all of the powers above enumerated, provided other corporations in the state may receive them, and in addition any other fiduciary powers which under the laws of the particular state are granted to trust companies or state banks.

The Federal Reserve Act does not, however, go further than to permit to

national banks the right to exercise fiduciary powers. The manner and terms of their exercise, the restrictions and regulations regarding their exercise, are matters of state legislation and administration; and with reference to these, the national banks are subject to state authorities. The evident intent is to place state corporations and national banks in the same state upon an exactly equal footing in the exercise of trust powers. Article IX in the Regulations of the Board provides that "Nothing in these regulations shall be construed to give a national bank exercising the powers permitted under the provisions of section 11 (k) of the Federal Reserve Act, as amended, any rights or privileges in contravention of the laws of the state in which the bank is located within the meaning of that Act." The Board reserves the right to revoke a permit if it is convinced that a bank has wilfully violated either state or national laws relating to the exercise of fiduciary powers. The Regulations of the Board also are subject to change by the Board, but not to the prejudice of obligations already undertaken in good faith.

REGULATIONS

"Regulation F, Series of 1919," now in force, enumerates the rules under which national banks must operate when they exercise fiduciary powers. Such a national bank

1. Must segregate all assets held in any fiduciary capacity from the general assets of the bank.

2. Must keep a separate set of books and records showing in proper detail all transactions engaged in under authority of subsection 11 (k). All books and records of the trust department shall be kept separate and distinct from other books and records of the bank. All accounts opened shall be so kept as to enable the national bank at any time to furnish information or reports required by the federal or state authorities. The books must be open at all times to inspection by such authorities; but with reference to state authorities this applies to the trust department only.

3. Must carry in a separate account all funds deposited or held in trust awaiting investment or distribution. Such funds may, however, be deposited in the commercial department of the bank to the credit of the trust department, provided that the bank first delivers to the trust department, as collateral security, United States bonds, or other readily marketable securities owned by the bank, equal in market value to the amount of the funds so deposited.

4. If the laws of the state require corporations acting in a fiduciary capacity to deposit securities with the state authorities for the protection of private or court trusts, national banks so acting must comply with the state law. In such cases national banks shall not be required to execute the bond usually required of individuals, if state corporations under similar circumstances are exempt from this requirement. But national banks are given power to execute such bond when required by the laws of the state. Officers of the bank are also empowered to take oath or make affidavit when the state law requires.

5. Must have a capital and surplus at least equal to that required of state banks, trust companies and corporations exercising such powers.

6. Must establish a separate trust department, and place such department under the management of an officer or officers.

7. Must keep the securities and investments held in each trust separate and distinct from the securities owned by the bank, and separate and distinct one from another.

8. Must place trust securities and investments in the joint custody of two or more officers or other employees designated by the board of directors of the bank, and all such officers and employees shall be bonded.

PROHIBITIONS

National banks are forbidden to receive in their trust departments deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes.

It shall be unlawful for any national

banking association to lend any officer, director or employee any funds held in trust under the powers conferred by this section. The penalty is a fine of not more than \$5,000, or imprisonment not more than five years, or both.

Trust funds may not be used by the bank in the conduct of its business, unless securities have first been set aside in the trust department as collateral, as described above (3).

INVESTMENT OF TRUST FUNDS

(a) Private Trusts.—Funds held in trust must be invested in strict accordance with the terms of the will, deed, or other instrument creating the trust. If the bank is given discretion in the matter, they may be invested only in those classes of securities which are approved by the directors of the bank. If the creator of the trust does not specify and does not vest discretion in the bank, the funds may be invested in any securities in which corporate or individual fiduciaries in the state in which the bank is located may lawfully invest.

(b) Court Trusts.—When acting under appointment by a court of competent jurisdiction, the bank must make all investments under an order of that court, and copies of all such orders shall be filed and preserved with the records of the trust department. If, however, the court by general order vests a discretion in the national bank to invest funds held in trust, or if under the laws of the state in which the bank is located corporate fiduciaries appointed by the court are permitted to exercise such discretion, the national bank so appointed may invest such funds in any securities in which corporate or individual fiduciaries in the state in which the bank is located may lawfully invest.

EXAMINATIONS

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board will be instructed to make thorough and complete audits of the cash, securities, accounts and investments of the trust department of the bank at the same time that examination is made of the banking department.

The Problem of the Banks and Their Employees

By Henry A. Stimson, D.D.

THREE elements enter into the problem of the banks and their employees. These are the great extension of the field of the bank (to-day); the consequent advance in the requirements made of the employee; and the means by which these requirements are to be met.

Great banks existed in nearly every nation before the war. They stood in close relation to the state, and they had international connections. But the world's business has now come to have a new importance if not a new existence. Nations have become allied by a common interest which embraces not merely self-protection, but the promotion of production, of commerce and of every form of internal well-being. These are found to have international relations as to the channels of intercommunication are opened and the sources of supply and demand are determined in the markets of the world.

This has already produced important results. The banks have found the need of greatly increased resources, of branches, and of widely outlying connections. Their number has increased and consolidations are numerous. The demand for credit is constantly at the edge of the ability of the banks to meet it, even with their present resources. Managers are required to have exact and intimate knowledge of a far greater variety of industries than in the past, and also acquaintance with what are to them new methods both of business and of production in use in other lands, and newly opened lines of commerce. The fact that a given manufacturer or merchant may be ignorant of the language and trade customs of the foreign country to which he is sending his goods is of importance to his banker no less than to himself. The success or failure of the enterprise may turn upon it. Conditions which would justify domestic credit may render insolvent an enter-

prise based on foreign trading. Of this there are already sufficient instances.

The situation is also greatly complicated by the immense inflation of the currency of nearly every country in the world as the result of the issue of every form of governmental obligation. Gold has practically disappeared as a circulating medium, and values are everywhere stated in terms of extreme instability. This is a condition of first importance to the business world; it is vital to the banks both as immediately concerning themselves, and also because they must be largely responsible for guiding and hastening release from it, and the return of the nations to the sounder basis of hard money. This is a responsibility which cannot be lightly regarded or declined.

Banks, especially in the country, have always been looked to for advice and aid in the making of investments. This has now become far more common because of the wide diffusion of securities of all kinds, especially those issued by the governments, and the inevitable change in the habits of the people in putting aside their savings. Though this is not a part of their legitimate business, many banks have become dealers in securities, which is at once a favor to the customer and a profit and a temptation to themselves.

Banks have, especially to-day, a responsibility not so generally recognized but which is very real, that of influencing labor in its relations to capital. This is a critical situation. Because the bank stands in the community preëminently for capital, its attitude toward labor, even in the person of its own relatively few employees, is important. The bank does business primarily on the basis of good will. It may not always recognize this. It knows its power and may become selfish, cynical and arrogant. But when competition arises, or times of panic come, the bank that has not the

good will of the community is sure to suffer. Confidence and good will are closely allied. The confidence, of which every deposit is an expression, is that which to-day, when working people begin to have surplus earnings and so many have been led to buy Liberty Bonds and Thrift stamps, will now turn them to the banks both to open accounts and to seek aid in making investments. It is no small service to the community if the bank can help the working man, as he seeks to secure a home or to provide for hard times or old age, to appreciate what becoming a capitalist himself means.

WHAT BANKS REQUIRE OF EMPLOYEES

This leads to the question of the requirements which the bank seeks in its employees. This may be stated in a few words. Trustworthiness of course is essential. This is generally understood to mean honesty: it involves also good habits, regularity, promptness, power of attention, common sense, and fidelity. All of which go to make up good character.

To these to-day is to be added a certain amount of trained intelligence, a requirement hitherto not much regarded, and perhaps for that reason not readily gained. The enlarged field of the bank's operations makes it important and in some departments essential. It will vary of course with the character of the individual bank, but it is becoming sufficiently common to justify its place in a modern outlook.

More important and perhaps less considered is that kind of good will which characterizes sustained interest in one's work, and leads every employee to do his best. The marked falling off both in the production and in the quality of work which now is so extensively found in factories, following upon increased wages to the workman and his shortened hours, goes far to prove that productive good will is not necessarily determined by wages. It is the product of many influences, most of them rather subtle and indeterminate and some of them rarely recognized. But whatever it is that produces the desired condition

or the lack of it, it is beyond question important, and should come into the category of requirements which the thoughtful employer must keep before him.

POLICY OF THE BANK TOWARD EMPLOYEES

This brings us, then, to the question of the relation of the bank to its employees; what should be its policy, and what methods should it adopt to secure the best permanent results?

Some employers are very much afraid of "putting ideas into the heads" of their people; not only by outsiders doing this, but by doing this themselves. Much of the work of the bank is of a stereotyped nature. It is largely routine. All the bank wants for this is men who can do their work accurately, and who will always be in their place. If they will be content when their salary reaches a certain modest sum so that they can have a little home and bring up a family, they will not complain. Ambition is not necessary, imagination would be a hindrance, and smartness a nuisance. But now a change has come. The old positions remain and are greatly multiplied. Modern requirements necessitate a large number of employees of limited ability and intelligence, for unskilled or purely routine work. They can generally be obtained, and with a little teaching become sufficiently competent. But in addition others of higher grade and larger possibilities must now be found. The supply of these is so limited that some of the larger banks have established courses of study in connection with the bank, to which they are looking for the development of the more promising of their present staffs, and for the training of those who may be wanted for special positions, especially in branches and where a bank seeks enlarged business in other countries. The universities also are responding to the new need, and are establishing business departments where special courses are offered for students who have banking in view.

The need of such special advanced training cannot be better set forth than

in the words of Mr. Amos Tuck of Monroe & Co., the American bankers in Paris, when giving the money to found the Tuck School in connection with Dartmouth College. The school was to be established "in the interest of college graduates who desire to engage in affairs rather than to enter the professions." It was to furnish them with a preparation equivalent in its purpose to that obtained in the professional or technical schools. He laid special emphasis on certain principles. These are "absolute devotion to the career which one selects, and to the interests of one's superiors or employers; the desire to do more rather than less than one's required duties; perfect accuracy and promptness in all undertakings, and absence from one's vocabulary of the word 'forget'; never to vary a hair's breadth from the truth nor from the path of strictest honesty and honor, with perfect confidence in the wisdom of doing right as the surest means of achieving success."

This need is now coming to be recognized, and the movement to meet it has extended to the universities. It links up with the public demand to secure as close connection as possible between all education and the requirements of daily life, a demand which may easily become excessive and inimical to the best objects of education, but which has much to be said in its support and which will surely be beneficial.

SECURING THE BEST RESULTS

Given, then, the work to be done and the training of the employee so far provided, what remains to the management in order to secure the best results?

The banks in their administration seem to stand entirely apart from the labor question which is perpetually agitating the rest of the world. There are rumors of strikes in banks in other countries, but they attract little attention. They seem utterly novel and exceptional. The important fact is that while the banks employ few wage-earners, and their contact with the public is not so close or at so many points as is that of other businesses, human nature is the

same; and because the relation does not to-day demand consideration and is not troublesome, there may be the more reason for giving it attention. The fact that their employees can almost everywhere, at least in the cities, be counted by the hundred, and that because of the rapid growth of the banks they are largely young men, they are sure to respond to the temper of the times, and to know and be able to estimate the influences and projects that are in the air. Neither their ignorance nor their indifference to these can be counted on.

There are many devices for meeting the unrest of labor in the various manufacturing corporations. Many are manifestly superficial or to meet emergencies. Some bear witness to a sincere purpose to secure permanent peace, but fail because they do not reach the roots of the difficulty. The experiments have brought to light two elements of the situation that are widely recognized and fundamental. One is the power of a clear and constant recognition on the part of the workman of the intimate relation of his work to the work of his fellows and to the final product of the business. This has already been carried out in some industries with such results as to establish its value.

Another, earlier asserted and even more extensively demanded, is a share in the management. At once it appears that while possibly the relatively important relations of the work of the individual in the bank and the work of his fellows to the business of the bank is sufficiently known to all, a share in the management is in the nature of the case both undesirable and impossible. The chief officers are few in number, are carefully selected, and are exceptionally experienced. Their duties can hardly be distributed, and cannot be transferred. The directors are a class by themselves, and are chiefly valuable because they represent outside business. They have little to do with the management.

Yet the feeling behind the demand remains. Call it the *Zeit Geist* if you will. Eager growing ability, especially in the world to-day, reaches after some

understanding of the task, both in relation to the world at large and to one's own future, and some directing share in its application. It has been proved that even "welfare" aid in the way of better housing and noonday meals, or provident funds, does not satisfy unless it is more or less in the hands of those to be benefited by it. Profit-sharing or opportunity to purchase stock alike fall short, and occasional, even generous, "bonuses" in the form of doles, much as the money may be needed, do not meet the situation.

GIVING EMPLOYEES PERSONAL RECOGNITION

It remains to find some way to give to all bank employees quite as fully as to other men some sense of personal recognition, some appeal to individual ambition, some opportunity for personal touch with the business of the bank in its larger relations.

This means that the bank much be regarded by its officers as something more than a means of making money. It has an important place in the life of the community; it sustains and promotes its business and industries; it strengthens the character and guards the good name of the citizens, as it protects business credit. To-day it is reaching out in the larger business, and has already become a leading factor in the commerce and prosperity of the world. Bankers are, as never before, called to be men of vision. Their own sons have in the past shown small desire to share their fathers' occupation, because it had few attractions for them. As a money-making device it did not interest them. Generally, they had money enough in sight already, and it meant nothing more. To-day it can demand their worthiest effort, if it is rightly viewed.

This is equally true if applied to the men who are doing the work. They and their work can be related in one way and another to these larger aims. They too can be given something of vision, and can be brought into touch with the benefits which the bank renders. It meets a human need that is beneficial and natural.

To a limited degree and in a single relation the establishing of branch banks gives this opportunity to a few picked men. But even this is carefully restricted, and if the truth were told it would be found that in the larger banks certain men bearing official names and in relatively high position are little more than superior clerks, having small initiative and little if any interest in the ultimate result of the business of the bank, and often no guarantee of permanence.

CHANGED CONDITIONS IN BUSINESS

The day of the old-time apprentice who lived in his master's household and sometimes married his daughter has long since gone. Power machinery and the corporation have created the new conditions. These must be dealt with, and their limitations, as they appear in the alienation of labor and capital and the wide social unrest, fairly and honestly attacked.

In 1911 when the great railway strike occurred in England the London and South Western Railroad was not disturbed. The men on that road knew the general manager so well and trusted him so completely that the whole body stood loyal. The heads of many business corporations have discovered the importance of this personal touch and are seeking to establish it with their employees. They are assuring to them free personal access. They go much among them and miss no opportunity of showing personal interest. They guarantee permanency of employment and prospect of advance for every one who shows himself fit. In short, they keep uppermost the human side of the relation; and that lies at the very center of the problem.

It was to meet an obvious necessity that the National City Bank of New York when it planned to go extensively into foreign business, and competent clerks could not be found, should open under its own roof a special school for its employees. This has grown greatly and proved a success. The Canadian Bankers Association has established relations with Queens University of

Kingston which offers examinations in banking courses to meet the needs of the banks; and our American universities are offering extensive courses in similar lines. But as yet little is done to spread the impression that the banks offer a career to ambitious and educated young men not less worthy than do the professions, where high culture, knowledge of foreign languages, and advanced special attainments are appreciated and where the staff as a whole may find a permanent career that is worthy of their best endeavor and is exceptionally sure of fit reward.

The time has come when the managers are taking a new and broad view of their business and position and begin to realize that they must surround themselves with men who are capable of similar outlook.

All this, however, is a matter of adjustment. If the purpose is there, a way will be found; and the very attempt will quicken interest and create a vitalized atmosphere.

Certain is it that when faithful men are seen running down in vigor of body and mind from the effect of a treadmill life, as unfortunately has been too often the case in banks; when here and there another breaks down or goes wrong from worry over his inability because of inadequate salary to support his family or to pay the mortgage on his home; or in a great banking house a cultured woman in an important position attained by faithful service sees nothing before her, and on occasion works sixteen hours uninterruptedly without any

recognition; and when sons of bank presidents have no desire to succeed their fathers, and can rarely be found in that position, the fact that there are no strikes and no noisy discontent by no means proves that there is no reason for regarding one's self removed from the problems of the day, and exempt from disturbance.

A BETTER VIEW OF "WALL STREET"

Unhappily, and with much injustice in the United States, "Wall Street" as a generic term has been made a name of ill-omen to the country. It is already in the way of removing the stigma, and our leading bankers, equally with the masters of certain great industries, are showing the spirit and finding the way to raise the level of the common life and once more to establish enduring peace. It is certain that such peace will not come by the "concurrence of fortuitous events" or without the intelligent action of our wisest and best men. Early in the war one of the most brilliant of the British generals, addressing a school of young officers, said: "Remember that though you are officers and the men are privates, still we are all comrades in the great dangers and the great struggle. Make the men feel that you realize this comradeship and love it. Do not overlook the fact that the British soldier has a great soul, and can appreciate what courage, honor, patriotism and self-sacrifice mean." Other men also have "a soul," and *camaraderie* is the open door to it for men who would lead.





Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

THE Christmas Savings Club movement seems to gain each year. Some bankers scoff at it, others feel that it is a valuable "feeder" to the other departments of the banks. As a mere Outsider I know little of the pros and cons, but I can't help feeling that any movement that brings new people into touch with a bank is worthy of being worked to the point where a paying percentage of these new people are made into regular customers. If a Christmas Savings Club isn't accomplishing that I should say that it isn't being run right.

I have watched with interest the development of advertising among the smaller banks. There has been a great improvement in the past five years, in fact I think some of the smaller banks have advanced further than some of the larger ones in making their advertising "human." After all, the relations between a bank and its customers are very personal and there is a great deal of real personal service performed by a bank for its customers that the latter appreciate warmly and which would attract many new customers if the facts were properly brought out in the bank's advertising. There is too much generalizing on the word "service"—it can easily be made specific.

One of the banks in a city I visit frequently has a large and growing safe deposit department, which they advertise constantly. In this advertising they do not feature the protection afforded by steel and concrete half as

much as they do the protection afforded by the "experience and training" of the officers and clerks in charge of the department. They tell me that they have found this advertising to have been very effective, and they hear frequent references to it. It seems to me that the psychology of it is that people take the "steel and concrete" part of it as a matter-of-course, while the further thought of trained, experienced human watchfulness makes the guardianship of their valuables seem far more complete and real.

One of the commercial banks in my city makes a practice of sending out with its customers' monthly statements some brief, well-worded bit of advertising matter for one of the other departments of the bank. One month it may be a few words about the Savings Department; another time it is the Safe Deposit Department; and again it may be a brief word about Trade Acceptances. These bits of advertising reach the customer at a time when his mind is turned toward banking matters—and the plan is working out well.

I met an "old line" banker a while ago and in the course of the conversation he smiled benevolently and said that his bank and the only other bank in town were "in no sense competitors, but worked together in perfect harmony," and then he spent the next fifteen minutes "panning" the other bank, its methods, its officers, directors, history and prospects. If that was his idea of "harmony" I should hate to see him really "compete."

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



AN out of town bank requiring banking connection in New York City will find our organization, built up through an existence of more than one hundred years, prepared to render the fullest measure of service.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Head Office: 20 Nassau Street

Capital, Surplus and Profits

\$25,000,000

Deposits, November 15, 1920

\$234,000,000

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Collection of Checks at Par by Federal Reserve Banks

American Bank & Trust Co. v. Federal Reserve Bank of Atlanta, United States Circuit Court of Appeals, November, 1920.

UNDER section 13 of the Federal Reserve Act the Federal Reserve Banks may receive checks for collection, but they must collect them at par and are not allowed to pay exchange charges. Section 13 declares that "no such charges shall be made against the Federal Reserve Banks."

It is held that the banks, on which checks held by a Federal Reserve Bank are drawn, refuse to remit for such checks at par by mail; the Federal Reserve Bank is acting within its authority in presenting such checks for payment over the counters of the drawee banks. And they are authorized to incur any necessary expense in making collections in this manner. The object of the clause prohibiting Federal Reserve Banks from paying exchange charges is not to conserve the assets of the Federal Reserve Banks but to bring about a universal par clearance system.

It is also held that, where an action is started against a Federal Reserve Bank in a state court, the action may be removed to the United States courts.

OPINION

GRUBB, District Judge—This is an appeal from a decree in equity of the District Court of the United States for the Northern District of Georgia, dismissing the bill or petition for want of equity. The suit was originally brought in the Superior Court of Fulton County, Georgia, and was removed to the District Court of the United States for the Northern District of Georgia, by the appellee, the Federal Reserve Bank of Atlanta. The appellants were State banks of Georgia, not members of the Federal Reserve System. The relief

prayed for in the petition filed in the State Court was an injunction against the appellees, restraining them from collecting checks drawn on appellants "except in the usual and ordinary channel of collecting checks through correspondent banks or clearing houses," the purpose being to prevent collection through agents presenting the checks over the banks' counter. The appellants moved to remand the cause to the State Court which was denied, and the bill was dismissed on the appellees' motion to dismiss for want of equity. The appeal presents the questions of the correctness of the rulings of the District Court (1) in refusing to remand the case, and (2) in dismissing the bill on the merits.

(1) The jurisdictional amount is conceded to be present. There was no diversity of citizenship claimed. Removal was granted because the cause was considered to be one arising under the Constitution and laws of the United States. This because (1) the defendant, the Federal Reserve Bank, was incorporated under an Act of Congress, and was neither a railroad corporation, nor a national banking association; and (2) because the appellants' petition or bill, as amended, introduced a federal question into the record, in that it charged the acts of the defendants, sought to be enjoined, to be ultra vires of the powers of the appellee, the Reserve Bank, granted by the Federal Reserve Act and its amendments. If the District Court had original jurisdiction of the cause of action for either or both of the reasons mentioned, the cause was properly removed. The appellants contend that the Federal Reserve Bank is a national banking association, the presence of which as a party defendant would not introduce a question arising under the laws of the United States, and that there is no other such question presented by the appellants' petition or bill.

We think the United States District Court had original jurisdiction of the

cause of action for both of the reasons assigned. The case of *Osborn vs. Bank of the United States*, 9th Wheat. 738, supported by many subsequent decisions of the Supreme Court, settles the question of the jurisdiction of the Federal Court in cases in which one of the parties is a corporation, which owes its creation to an Act of Congress, unless another Act of Congress has withdrawn such jurisdiction. Nor is it important whether the federal incorporation occupies the position of plaintiff or of defendant in the action. This is true unless a long line of Supreme Court decisions, in which jurisdiction was sustained upon this ground, without reference to the position of the corporation in the line-up of the parties, be disregarded. From this follows the right of a federal incorporation made defendant in a cause in a State Court, to remove the cause to the Federal Court, unless prohibited by an Act of Congress. *Texas & Pacific R. R. Co. vs. Cody*, 166 U. S. 606-609; *Washington & Idaho R. R. Co. vs. Coeur D'Alene Ry. Co.*, 160 U. S. 177-193. Congress has withdrawn jurisdiction only in cases of railroad companies and national banking associations. The contention of appellants is that the Federal Reserve Bank of Atlanta is a national banking association within the meaning of the Act of July 12, 1882, C. 290; the Judiciary Act of March 3, 1887, as corrected by the Act of August 13, 1888, C. 886, Sec. 4; and by Section 24 of the Judicial Code of 1911. The prohibiting clause of the latter is:—"and all national banking associations established under the laws of the United States shall for the purpose of all other actions against them, real, personal, or mixed, and all suits in equity, be deemed citizens of the States in which they are respectively located." If this language applies to the Federal Reserve Banks, it withdraws jurisdiction from the Federal Courts, in cases in which they are parties, and in which no other ground of jurisdiction appears in the record. We do not think it can be held to apply. At the time of the original limitation of jurisdiction in the Act of July 12, 1882, and at the time of its renewals in

the Judiciary Act of 1887, and in the Judicial Code of 1911, Federal Reserve Banks were unknown. The only national banking associations then existent were the national banks organized under the national banking laws. The question is whether Congress intended to include within this designation banks to be subsequently created of the nature of the Federal Reserve Banks. The answer will depend upon the result of a comparison instituted between the national banks and the reserve banks, and is to be determined, not so much by points of identity (for all banks have many such) but by points of difference. The important differences between national banks and reserve banks, so far as the solution of this question is concerned are (1) the disparity in the number of each class and (2) that the reserve banks are banks of deposit and discount for other banks only and not for the general public. There are many other important differences but we think the two mentioned are determinative. The one class, small in number, acts as governmental fiscal agencies with no general clientele; the other class serves the public generally and locally, and are necessarily numerous. That all the provisions of the National Banking Act could be made applicable appropriately or safely to the class of reserve banks is clearly impossible. Yet the same reasoning that would apply the limitation of jurisdiction imposed upon national banks to reserve banks would make it necessary to apply all other limitations against the grants in favor of national banks to reserve banks. If the reserve banks are national banking associations within the meaning of the Act of July 12, 1882, and its successors, for one purpose, they are so for all purposes of the national banking laws. Such a conclusion would be a dangerous one, and lead to unforeseeable consequences. We think it safer to conclude that Congress intended national banking associations to include only those that were then being created or those of a kindred nature that might thereafter be created; and that the differences between ordinary banks of deposit and discount with the public as customers and banks

whose only permissible stockholders and customers are the government and other banks, and which are more governmental agencies than private institutions, are not within the purview of national banking associations, as contemplated by Congress when it enacted the limitation upon the jurisdiction of national banking associations. In view of the paucity in number of the reserve banks, and their more intimate relation to the government, and their more remote contact with the general public, Congress may well have found reason not to withdraw the jurisdiction of the Federal Courts from them by reason of their federal incorporation; though it had done so in the case of national banks. There is no express withholding of such jurisdiction. To imply it, would necessarily lead to other implications, so far-reaching and difficult to anticipate, that we do not think it should be implied.

If the fact of federal incorporation of the Reserve Banks confers jurisdiction on the Federal Court, the fact that the officers of the appellee bank are made individual co-defendants with it and that they are citizens of Georgia, does not prevent removal. *Matter of Dunn*, 212 U. S. 374.

(2) The amendment to the bill or petition of appellants charged that the acts of the appellees sought to be enjoined, if committed, would be committed in excess of the powers of the Federal Reserve Bank of Atlanta, and in violation of the provision of the Federal Reserve Act. Paragraph 9 of the amendment charges that "the coercive measures, now threatened, are not only not authorized or required by the terms of the Federal Reserve Act, which includes the charter of defendant reserve bank, but express provision is found therein for the performance of all clearing house functions, therein imposed in the regular way and through orderly banking channels, applicable to non-member banks, as well as member banks. Wherefore plaintiffs charge that the threatened coercive measures are ultra vires the charter of defendant Reserve Bank and the execution thereof by the individual defendants would be illegal and should be enjoined." The purpose

of the petition or bill was not to enforce the collection of compensation for services availed of by the defendant reserve bank at their reasonable value under the common law right. It was to compel the defendant bank to avail itself of such services, or, as an alternative, to abstain from handling the plaintiff's check for collector. The bill prayed that the defendant bank be enjoined from presenting petitioners' or plaintiffs' checks for collection in any but the usual way through correspondence and remittance. Section 13 of the Federal Reserve Act provided that "no such charges (for remission) shall be made against the Federal Reserve Banks." Appellants' contention is that this prohibition prevents the Federal Reserve Banks from expending money in any way for the collection and remission of the proceeds of checks and drafts, drawn on non-member and non-depositing banks and that any attempt to collect such checks and drafts, by presenting them over the counter to drawee banks, which would not remit for them at par, was unauthorized and ultra vires of the powers of the Reserve Banks, under the Federal Reserve Act; and appellants ask that the defendant bank be enjoined from handling such checks and drafts in the manner stated for that reason. Appellee, the Reserve Bank, asserts its right under the same provision of the Federal Reserve Act, to collect such checks and drafts by any method, provided it makes no payments to remitting banks for services in remitting. Plaintiffs' cause of action was the alleged wrong asserted by them to be caused by such collections. One ground upon which the wrong was urged, is that the Reserve Bank is forbidden by the Reserve Act to make collection of checks and drafts in this manner. This presents for decision the proper construction of the quoted provisions of the Federal Reserve Act, and it was presented in the plaintiff's own statement of their cause of action in the amendment to the bill and not as suggested or anticipated defence which the defendants might be expected to set up as an answer to the plaintiffs' cause of action. The solution

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The farmer who would make a profit must watch his labor costs carefully. To make a fair and legitimate profit he must reduce the cost of farming per acre to a minimum. In doing so the tractor is his greatest help—in fact, a necessity.

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of this question depends upon the construction to be given Sections 13 and 16 of the Federal Reserve Act and not merely to a chartered power of the defendant bank. The plaintiffs having injected this federal question into their statement of their cause of action, the case was thereby made removable, as one arising under the laws of the United States.

We think the District Court of the United States properly entertained jurisdiction for both reasons.

Coming to the merits, the appellants' cause of action is the prevention by injunction of the Federal Reserve Bank of Atlanta from collecting checks drawn on appellants' banks, in any other way than by correspondence and the remitting of the proceeds of the check by the bank on which it was drawn. The usage of the complaining banks had been to make a deduction from the amount of the check in remitting the proceeds to cover the so-called "exchange," or cost of remitting. This charge could only be applied in cases in which the check was forwarded through the mails to the drawee bank. If the check was presented over the counter of the drawee bank either by the payee or his agent, the full amount of the check was required to be paid, and the drawee bank was defeated in its endeavor to collect exchange on it. The purpose of the bill was to prevent the Federal Reserve Bank from handling checks on appellants and on other non-member state banks except through the regular channel of correspondence or clearing. Section 13 of the Federal Reserve Act as amended prohibited the Federal Reserve Bank from paying for the cost of remission. Consequently it was disabled from collecting through the regular channel from all banks which insisted on deducting for the cost of remission. In the case of all such banks it had the alternative of not handling their checks at all or of presenting them for collection over the counters of the drawee banks by agents, express companies or the postal authorities. One contention of the appellants is that the Federal Reserve Act prohibited the Reserve Banks from handling any check,

the collection of which entailed any expense, to whomsoever payable; and that their endeavor to collect checks by presenting them at the counter of the drawee was ultra vires, because expense was necessarily incident to that method. Another contention of appellants is that though the Federal Reserve Bank had the lawful right to handle such checks it was making or intending to make an oppressive use of its right, by so exercising it as to amount to coercion or duress and with a wrongful and malicious motive.

If the Federal Reserve Bank had availed itself of the services of the complaining banks in the remission of the proceeds of checks sent them for collection through the mails, in view of their known usage to deduct for exchange it would have been liable for the reasonable value of such services, except for the statutory inhibition against it. The purpose of the bill, however, is not to collect compensation for services rendered and to which the banks had a property right; but to compel the Federal Reserve Bank to avail itself of services, which it was unwilling to and disabled from accepting, by restraining it from using any method which did not require the use of such services. Complaining banks had no property right that was infringed by the refusal of the Federal Reserve Bank to avail itself of their services in remitting or that a court of equity could be called upon to protect. It was under no legal duty to accept the services of the complaining banks, even had there been no statutory obstacle to its doing so. It also had the legal right to present the checks of the complaining banks to them for payment singly or in numbers over their counters and it was the absolute duty of the complaining banks to pay the full amount of such checks without deduction, when so presented. This is disputed by appellants only because of the statutory prohibition against the Federal Reserve Banks paying the cost of remission of the proceeds of checks collected by it. It is contended that this provision not only prohibited the Reserve Banks from paying exchange to remitting banks on which the checks were drawn: but also

from paying expense of any kind or to any person for collecting checks; and that as a consequence the Federal Reserve Banks were without power to handle any checks for collection, where such collection was attended with expense of any kind. If so, it would follow that the endeavor to collect checks over the counter through paid agents was within the prohibition of the Federal Reserve Act as amended and *ultra vires*. Whether appellants' construction of the prohibiting clause is correct depends upon the purpose it was intended to subserve. Appellants' contention is that its purpose was to conserve the assets of the Reserve Bank. Appellees' contention is that it was to aid in accomplishing a uniform par clearance system. In view of the purpose of Congress to effect the latter object, we think the appellees' construction is the correct one, and that the prohibition is limited to a charge against and payment of the charge to a remitting bank, and does not prevent the Federal Reserve Banks from expending money for collection of checks in any other way in an endeavor to accomplish a uniform system of par clearance. It follows that the acts of the Federal Reserve Bank complained of are within its legal powers. Conceding that they were *ultra vires* solely because entailing an unauthorized disposition of the banks' assets, the appellants and intervenors, who were neither stockholders nor creditors of the Reserve Bank, would have no standing to complain of such a disposition, because of a collateral injury to them. The right to make complaint on that ground would be confined to the United States or to individuals who were injured by the depletion of the banks' assets. If the purpose of the prohibition was altogether to save expense to the Federal Reserve Banks and if the Statute evinced no policy to prevent the Reserve Banks from handling checks of non-members and non-depositing banks, if it incurred no expense; the mere incidental injury that appellants suffered from the handling of such checks, would give it no right to complain of an expenditure from which it could suffer no injury. The Federal

Reserve Act does not only not evince a purpose to deny to the Reserve Bank the power to collect checks of non-member and non-depositing banks, but exhibits a general policy to encourage a uniform and universal system, of par clearance, which could only be accomplished by conferring power upon the Reserve Bank to handle checks drawn on all banks upon any terms that might be essential except the payment to the remitting bank of compensation for remitting.

The appellants contend further that, even if the Federal Reserve Bank had the right to handle checks of non-member banks by presenting over the counter, it could not exercise that right oppressively; that it was threatening to do so, and should therefore have been enjoined. The prayer of the bill is not limited to an oppressive use of the method complained of but extends to any use of it whatsoever. The bill seeks to enjoin the appellee bank "from collecting or attempting to collect any check against petitioners or against any other bank in like condition, who may become a party hereto, except in the usual and ordinary channel of collecting checks through correspondent banks of clearing houses, said channels being well established and well understood by defendants and all others familiar with the banking business." Appellants' complaint is of the method and not of an abuse of it. The effect of the writ prayed for would be to entirely prevent the appellee bank from collecting checks in any other way than by transmission to the drawee bank, and the remission of the proceeds by the drawee bank through the mails; and so to prevent their collection by presentation over the counter even though presented regularly and without accumulation.

The right to the relief sought is also based upon the doctrine of conspiracy. An illegal conspiracy is not predicable upon the doing of a lawful thing by lawful means, even when done in concert or combination. The bill fails to show a concert or combination that would amount to a conspiracy in law, though its object or the means by which it was to be accomplished

were unlawful. The acts complained of were those of the defendant, the Federal Reserve Bank. No legal conspiracy could exist between it and its officers the other defendants. The amended bill charges a conspiracy between the Federal Reserve Bank of Atlanta and the Federal Banks of other districts, upon the theory that all the Federal Reserve Banks are under control of the Federal Reserve Board. The Federal Reserve Banks of other districts have no power to act upon the petitioners or the intervenors. Their jurisdiction in that respect is confined to their own districts. Being without power to injure the complaining banks they could not be members of a conspiracy against such banks. The members of the Federal Reserve Board are not charged as conspirators. That other Federal Reserve Banks had taken coercive steps against State Banks in their districts to enforce the par clearance policy, as charged on hearsay information in the amended bill, has no bearing on the cause of action relied upon by appellants in this case. Appellants can take nothing from the doctrine of conspiracy.

The principle that one must so use his property as not to unnecessarily and maliciously injure his neighbor, even though his act is otherwise lawful, is also invoked. Conceding that the accumulating of checks, and their presentation, when accumulated, with the intent to embarrass and injure the drawee bank, might constitute an actionable wrong and one that might be prevented by injunction; we do not think the amended bill presents any such case. There is no specific charge in the bill of any threat to present the checks in any accumulated or oppressive manner, on which a court of equity would be justified in acting. Nor does the bill charge the appellee bank with acting from a merely malicious motive if that is material. It does aver that the purpose of the appellee was to compel the appellants to accept the lesser of two evils and to remit at par for checks drawn upon it. If this charge was borne out by the exhibits, which it is not, it would not constitute legal duress, on which a

legal complaint could be predicated. The exhibits show that the adoption of a system of universal par clearance was advocated in good faith by the appellee bank as a proper banking policy, and as well by Congress and the Federal Reserve Board. The adoption of appropriate means by the appellee bank to accomplish this end cannot with any propriety be attributed to malice on its part against appellants and other banks in like condition. Nor does the adoption of the method of presenting checks over the counters of the drawee bank imply an attempt to coerce them into becoming member or depositing banks. The Federal Reserve Bank was interested to supply a universal clearance at par for its member and depositing banks. It could accomplish this only by accepting from its member and depositing banks all checks tendered it by them upon whatever banks drawn. If drawn upon a non-member and non-depositing bank, which refused to remit at par, it was disabled under the statute from handling such checks through the method of transmission of the checks and remittance of the proceeds through the mails. It could only collect such checks by presentation in person to the drawee bank. It is therefore reasonable to suppose that its declared purpose of making such presentation was in furtherance of its policy of furnishing complete clearing facilities to its member banks, and was not for the purpose of injuring or destroying the drawee banks, or of coercing them into becoming member or depositing banks with it. It constituted an essential step without which universal par clearance was not possible of accomplishment.

We conclude that the District Court had jurisdiction and that its decree dismissing the bill for want of equity was without error and it is therefore affirmed.



Filling in Name of Payee

Finley v. Rose, Court of Appeals of Kentucky, 224 S. W. Rep. 1059.

A note payable six months after date was blank as to the payee's name. A short while after the maturity of the

note, the payee died without having filled in his name as payee. About six years later his executors filled in the decedent's name as payee and brought suit on the note. It was held that the executors were entitled to recover on the note. The holder of a note, blank as to the payee, may fill in his own name or the name of any other person, as payee, unless his authority has in some way been limited by the maker. And the fact that the person, whose name is written in the blank space, is dead does not alter the situation. The court points out that "manifestly, plaintiffs (executors), as holders of the note, had the right to fill in the blank, and make the note payable to themselves as executors, with the consequent right to bring suit in their names. By inserting the name of the deceased holder they merely accomplished the same purpose in another way."

OPINION

Appeal from Circuit Court, Whitley County.

Suit by F. W. Finley and another against R. S. Rose, etc. From judgment for defendants, plaintiffs pray appeal. Appeal granted, judgment reversed, and cause remanded for new trial consistent with the opinion.

CLAY, C. F. W. Finley and Charles Finley, as executors of H. F. Finley, deceased, brought this suit to recover on a promissory note for \$200, dated December 1, 1908, payable six months after date "to the order of _____," and purporting to have been executed by R. S. Rose and W. T. Davis with U. S. Ingram as surety. Besides other defenses which were controverted by reply, the defendants pleaded as follows: That when the note was signed and delivered, there was no name of any person as payee therein; that said writing remained in that form until after the death of H. F. Finley and the maturity of the note, when the same was materially altered by inserting in the face of said writing on said blank line and above the signatures thereto, the name of H. F. Finley as payee; that said alteration was made by plaintiffs; that

said writing was never completed and was never an obligation upon defendants, and no cause of action to enforce same as against defendants ever accrued to said Finley, or to his estate, or to plaintiffs; and that the alteration was made without authority from the defendants, or any of them, and without their knowledge or consent. To this paragraph of the answer plaintiffs filed a reply, denying that the writing had been materially altered by inserting on the face thereof the name of H. F. Finley as payee, or that the writing was never a binding obligation upon defendants, or that no cause of action, or right to enforce same, ever accrued to said Finley, or to his estate, or to plaintiffs, but not denying that the name of H. F. Finley was inserted in the blank after Finley's death and the maturity of the note. To this paragraph of the reply a demurrer was sustained, and, plaintiffs having declined to plead further, judgment was rendered in favor of defendants. Plaintiffs have moved for an appeal.

The rule is well settled that the name of the payee may be left blank, which makes the instrument payable in effect to bearer, and in such case the blank may be filled in by the holder. 8 C. J. p. 170, section 287. In the early case of *Bank of Kentucky v. Garey*, 6 B. Mon. 626, the rule is thus stated:

"It seems also to be well settled that the holder of a bill payable to _____, may insert his own name as payee, and that this may be done by any bona fide holder, and when done, that it will be deemed a bill, payable to such holder, as payee, ab initio. Story on Bills, section 54; Chitty on Bills, 63, and authorities there cited; *Ibid.* 177, 178.

"The authority of the holder thus to fill the blank in the bill, and to fill up the blank indorsement thereon, is implied by law from the mere acts of the parties in signing and indorsing it. It is but carrying out their presumed intention to render themselves responsible and that the instrument should be rendered complete and available as a bill in the hands of a bona fide purchaser or holder."

It is also the rule that a note issued in blank to the payees named may be

filled up at any time, even at the trial. 3 R. C. L. p. 881; *Bank of Kentucky v. Garey*, *supra*.

While the above rule is conceded, it is insisted that the act of plaintiffs in inserting the name of H. F. Finley, as payee, was invalid because Finley was then dead, and because of the further fact that it was not done within a reasonable time. In support of this position it is argued that the law contemplates that the note should be made payable to a specified person, which necessarily means a person in being, and therefore no one has authority to insert the name of a payee who was dead at the time. This position is too technical for us to sanction. Manifestly, plaintiffs, as holders of the note, had the right to fill in the blank and make the note payable to themselves as executors, with the consequent right to bring suit in their names. By inserting the name of the deceased holder, they merely accomplished the same purpose in a different way. The note then became payable to him from the beginning, and plaintiffs, as the executors of the deceased holder, succeeded to his rights and were entitled to sue on the note. In so holding, the original purpose of the parties is carried out and no right of the makers is injuriously affected. We therefore conclude that the insertion of the name of the deceased holder as a payee was not fatal to a recovery on the note.

The note was dated December 1, 1908, and was payable six months from date. H. F. Finley, the holder, died on October 16, 1909. Suit was brought on September 14, 1915, and the blank was filled in before this suit was brought. It is therefore insisted that the blank was not filled in within a reasonable time. There are certain kinds of blanks where a delay of much less than seven years in filling them might be altogether unreasonable; but where, as in this case, only the name of the payee is left blank, and both of the joint makers are alive, and the note has never been negotiated so as to cut off defences, we are unable to perceive how the rights of the makers have been prejudiced by the delay of seven years. That being

true, we hold that the delay in filling the blank was not fatal to a recovery on the note.

Wherefore the appeal is granted; the judgment is reversed and the cause remanded for a new trial consistent with this opinion.



Liability of Bank for Cashier's Wrongful Act

First National Bank of Ocilla v. Harris,
Court of Appeals of Georgia,
104 S. E. Rep. 574.

The cashier of the defendant bank represented to the plaintiff, a depositor in the bank, that the bank's president wished to borrow \$1,000 at 10 per cent. interest. The depositor drew a check for the amount against her account, payable to the president, and delivered it to the cashier. The cashier forged the indorsement and collected the proceeds which he appropriated. He delivered to the depositor a note purporting to have been signed by the president, but which in fact was a forgery. Neither the president nor any other officer of the bank had any knowledge of what the cashier was doing. It was held that the bank was responsible to the depositor for the fraud practiced by its cashier.

OPINION

Action by Mrs. W. M. Harris against the First National Bank of Ocilla. From a judgment entered on a directed verdict for plaintiff, defendant brings error. Affirmed.

The petition and the evidence tended to show the following facts: Plaintiff had on deposit in defendant's bank \$1,000. Through her agent she drew a check for such amount which was delivered to one E. A. Tapp, cashier of such bank, on his representation that one J. E. Howell wished to borrow on his note \$1,000, agreement being that Howell would sign note as principal and Tapp as surety. Tapp forged the name of Howell to the note, and forged indorsement on check and appropriated

the money and later absconded. Various defences were interposed to show nonliability of the bank for paying out the money on the forged indorsement, which defenses were made the grounds of the motion for a new trial. Defendant bank claimed that it was not liable because by the law of the United States a national bank cannot lend money for others, and that the transactions through the cashier violated this law. The bank defended liability, also on the ground that plaintiff was negligent in taking a note from Tapp, with interest at 10 per cent., when to his knowledge, Howell, a man of wealth and president of the bank, could have easily secured loans of money at 6 or 8 per cent. The bank also contended that, inasmuch as Tapp, the cashier, was in a transaction with plaintiff to make the loan, the cashier was adversely interested, and that any notice or act of the cashier was not the act of the bank, but that of plaintiff. The bank contended also that plaintiff looked to Tapp for payment, and kept the note for 10 months

after maturity without demanding payment from Howell, the supposed principal in the note. Defendant also contends that, the bank having no knowledge and being an innocent party, and that plaintiff having put it in the power of Tapp to do wrong, the equitable rule that, where one of two innocent persons must suffer, he who made the act possible should suffer the loss, was applicable. The bank also contended that it was not liable because the money represented by the check actually reached the person, the said E. A. Tapp, the person whom the plaintiff intended it should reach, and that plaintiff had recognized Tapp as her debtor, instead of Howell, as she sought to recover the specific debt from Tapp by, first, attachment, and, secondly, by instituting bankruptcy proceedings.—Statement by editor.

BLOODWORTH, J. The court did not err in directing a verdict for the plaintiff, nor in overruling the motion for a new trial.

Judgment affirmed.



A. B. A. Convention

Announcement is made that the Forty-seventh Annual Convention of the American Bankers Association will be held at Los Angeles, Cal., the week commencing October 2, 1921.

The Spring Meeting of the Executive Council of the Association will be held at Pinehurst, N. C., the week commencing May 1.

Government Expenditure and High Prices

(From a speech delivered by the Right Hon. R. McKenna, Chairman of the London Joint City and Midland Bank, Ltd., before the University of Manchester

IN the present state of the world I would hazard the opinion that in almost every country excessive Government expenditure is the main factor in forcing up prices. Many states are compelled by the insufficiency of their revenue to borrow and in their case the harm done is apparent to everyone. But when Governments meet their expenditure, however great it may be, by taxation, there is a current belief that the whole duty of man has been fulfilled. I venture however to express the opinion that this belief is a profound delusion. Very heavy taxation will, I maintain, affect production injuriously, increase purchasing power and raise the velocity of expenditure, and for all three reasons will tend to drive up prices.

First, as to production, I think the proposition is indisputable that heavy taxation restricts enterprise. A business cannot be developed without much toil and considerable risk of capital. The stimulus which urges men to venture upon new developments is in large measure the hope of additional profit. They will not risk their capital if in the event of their labors proving successful nearly the whole of the reward is to be taken from them.

Again, in a progressive undertaking a considerable part of the profits every year is kept in the business. The savings of one year become capital in the next. Additional capital is essential to development, and there is no means of obtaining it except from the savings of the community. Heavy taxation which impounds these savings deprives industry of an essential condition of growth.

Next, as to purchasing power, it is not difficult to show how it is increased by taxation. Most traders carry on business not merely with their own capital, but with the assistance of money borrowed from banks. Their loan requirements rise and fall in accordance with the seasonal demands of their trade, and are essential to its maintenance. These loans from banks, it is

true, increase deposits and therefore increase purchasing power, but a marked distinction must be drawn between loans made to traders to facilitate production or the movement of commodities, and loans made to cover expenditure which is not productive. In the former case, there is an increase of commodities made available for consumption which serves as a set-off against the increased purchasing power. As the commodities are paid for and consumed the loan is paid off and the purchasing power reduced. In the latter case, of loans not made to meet productive expenditure, there is no such compensation. If, now, heavy demands are made upon traders for taxation, they are forced either to borrow more from their banks or else to reduce the volume of their business. I know it may be said that the taxation should be paid out of the income which the trader ordinarily spends on his own consumption, but my answer is that in this country for instance Income Tax and Excess Profits Duty are levied upon the whole of the trader's earnings and not merely upon that part of them which he devotes to his private expenditure. We must not forget that with rising prices more money is required to carry the same volume of stock, and that unless this money is obtained from the excess of earnings over expenditure it has to be borrowed. It is in consequence a very common and in many cases inevitable practice in present circumstances for traders to borrow from their banks in order to meet the demands of the tax-collector, and these loans, which increase purchasing power without any corresponding increase in commodities, have precisely the same effect upon prices as if the Government were itself the borrower.

So far we have seen that heavy taxation tends to raise prices by hindering production and increasing purchasing power. We shall find that it has a no less powerful influence upon the velocity of expenditure.

Banking Publicity

Special Section of The Bankers Magazine

JANUARY 1921

How Much Do You Know

About Your Bank's Advertising ?

By WILLIAM F. VIEHMAN, Jr.,

Advertising Department, Union Savings Bank, Pittsburgh, Pa.

JOHN JONES walked confidently into the lobby of the Blank National Bank, stepped briskly up to the nearest teller's window and said that he would like to open an account. Teller Grouch when he had finished counting a stack of bills for the fourth time, looked slowly up, yawned and said:

"What's that?"

"I would like to open an account," said Jones.

"Oh, well, you'll have to see Mr. Johnson about that."

After some inquiry Jones discovered that Johnson was an assistant cashier and finally found his desk in the officers' quarters. Mr. Johnson was dictating a letter to a fair and blond stenographer, and was far too preoccupied to even glance at the now slightly abashed Jones. Finally, however, he was recognized and called to the august presence of the dignified banker.

The interview which followed left Jones with the settled conviction that he was asking the bank a very great favor to allow it to keep his account; that possibly he (Jones) *might* be honest, but of course the bank had its suspicions until after they had looked him up; that the bank was not in the habit of dealing in such small figures as those of his meager account and that on the whole it was rather nervy for him to bother them with it.

Jones, now thoroughly wilted, went home and sat down to re-read the following ad which ap-

peared in that morning's paper:

COURTESY

Courtesy in all of its dealings with the public is a feature of this bank's service.

In this bank you will be accorded the same friendly consideration whether your account be large or small.

Why not open an account to-day?

BLANK NATIONAL BANK.

Evidently this courtesy idea

never got beyond the advertising department.

Could this happen in your bank? Probably not. It is an exaggerated case but there is always the danger that something very like it might happen unless there is the proper co-operation between the advertising department of the bank and every officer and employee that deals with the public.

Many bank officers and employees take too little interest and no part in the publicity of their institution. Its advertis-

(Continued on page 57)

1921

A Salutation

MAY 1921 crown with success the splendid efforts of bank advertising men to bring the banking facilities of this great country closer and closer to the public!

The ultra-conservatism that marked bank advertising for so long is slowly but surely giving way to a more human, man-to-man attitude that is a distinct moral force in the country.

The War has stripped living of many of its non-essentials. False dignity has been swept away. We are, collectively and individually face to face with big problems, the solution of which lies in frank discussion and coöperative effort. For a bank to maintain the old-fashioned air of dignified aloofness under such conditions is almost suicidal. The bank that really "talks" man-fashion, to its public through its advertisements, is building up a reserve of confidence that must ever be a tremendous asset.

May 1921 prove to be a year of achievement for the bankers whose vision embraces the tremendous potentialities of "real" bank advertising!

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

JANUARY 1921

THE week of January 17th is "National Thrift Week," an institution which is being more widely observed each year by banks and other organizations naturally interested in the economic welfare of the community. The Y. M. C. A. is certainly worthy of much praise in getting back of this movement, and banks and bankers taking advertising advantage of it will profit themselves while at the same time they are helping along a worth while project.



ANOTHER THING which time has proved a great success is the Christmas Savings Club idea. Millions of dollars were distributed last month by banks and trust companies to members of their Christmas and other savings clubs. Much of the money probably would never have been saved had not the depositors been induced to put themselves into the machinery of the club which places upon its members a gentle compulsion to save regularly. The best thing about the club idea is that it develops the habit of sensible thrift, and while hundreds of thousands of dollars are withdrawn every December to be spent, hundreds of

thousands of other dollars are left on deposit in regular savings accounts, and the members of one year's club, to a great extent, immediately re-enroll on the books of the next year's club.



DURING THE temporary recession in business we will have an opportunity to see demonstrated again the truth of the statement that people save better in poor times than in good times. Easy come, easy go, is human nature, but when there is the prospect of unemployment or reduced earnings, the average individual will think more of saving than of spending.



WE HAVE OFTEN wondered why more forceful efforts are not made to modify the laws of certain states which prevent any financial institution but a savings bank or a building and loan association from using the words "save" or "saving" in their advertising. The purpose of the law is plain enough and praiseworthy enough — to prevent unscrupulous concerns from soliciting the savings of the people in projects not as safe as they ought to be, but would it not be possible to have the law read so that national banks and trust companies would be permitted to use those words? If such institutions are permitted to accept savings, in our opinion, they ought likewise to be permit-

ted to mention that fact and use the good old-fashioned words, especially when no objection is made to the use of such synonyms as "accumulating," "laying aside," etc.



THAT IS A strong testimonial for the efficacy of bank advertising which is given by Festus J. Wade, at the head of the great Mercantile Trust Company, St. Louis. Mr. Wade says: "I believe in the liberal use of advertising in every form, especially in the public press. Its value in the development of our business is incalculable."



IT IS A good "hunch" to send trust booklets to the home address of the prospect. The wife reads the booklets and adds her influence to the message of the printed matter. It is a good idea to let women know how much better off they will be if their husbands make a will and appoint a bank or trust company as executor.



THE PRESENT seems to be a good time to advertise your credit department. Business men are watching credits very closely just now, and if you have a service along this line it is well to let it be known. You may be able to save some of your customers a lot of money through this department and that is surely a worthwhile service to advertise.

How Much Do You Know About Your Bank's Ad- vertising?

(Continued from page 56)

ing is regarded as a department which takes care of itself, when, in fact, to advertise successfully, every employee of the institution from messenger up should not only know what the bank is doing in the matter of advertising but should get back of and be a part of it.

How can this be done? First of all by familiarizing yourself with your bank's advertising. What does your bank's newspaper ad this week say? What department is being advertised particularly? What does your street car card say? What was the last folder your bank issued? Has your bank any significant trade mark or sign and what is it? What campaign for new depositors is your bank now carrying on and how is it being managed? Did you ever notice any results from your bank's advertising? What are the main points advertised about your bank? What does a bank sell that it should advertise?

The last question is answered in one word,—service. Service is the dominant feature in bank advertising. Edward H. Kittridge, manager of the publicity department of the Old Colony Trust Co., Boston, a speaker at the recent convention of the Financial Advertisers Association said,—“The banker to-day surrounds himself with the atmosphere of cordiality. He makes a decided effort to meet his customers freely and sympathetically, and tries to make them feel that they are as important to the bank as the bank is to them. In other words, he humanizes his institution and tries in every way to establish a personal contact with his clientele, and realizes that bigness is not the test, but ‘service’ whereby he and the institution are measured.”

So, if you want to make your bank's advertising pay, it's up

Who's Who in Bank Advertising



W. R. MOREHOUSE

W. R. Morehouse, recently made cashier of the Guaranty and Savings Bank of Los Angeles, was born in Michigan. His first banking experience on the inside was as assistant cashier of the First National Bank of San Jacinto, Cal. For two years Mr. Morehouse studied assaying, but returned to the same bank, remaining there until 1904.

He then entered the employ of the Columbia Savings Bank and later joined the Union Bank of Savings upon their consolidation. Through further consolidations Mr. Morehouse became a member of the force of the Guaranty Bank, where he was elected assistant cashier, and made cashier in 1920.

Mr. Morehouse is the author of five books and has earned for himself a national reputation as a financial advertiser. His work along the lines of business for banks has brought him recognition from bankers and financial advertisers throughout the United States, resulting finally in his election as president of the Financial Advertiser's Association two years ago.

to you to live up to the advertisement's copy. If your institution spends a lot of money telling the public about the good service to expect at your bank and you meet them in a half-hearted, irritated, indifferent manner,—you are not following up your institution's advertising and your customers are likely to go elsewhere to buy their service where they can get better quality.

There are many little ways to follow up and be a part of your bank's advertising power, and they will not interfere with your regular desk or cage duties. They may ever help to make your work lighter for you. The first is interest—not 4 per cent. but 100 per cent.—

get interested in your bank's advertising. Read the newspaper ads, the folders, the booklets, etc. Following interest come knowledge and understanding. Know what your bank is doing in the matter of publicity. Don't have a patron or a prospective depositor ask you for the folder mentioned in the newspaper advertisement, and you know nothing about it.

Next, real personal help in over-the-counter distribution of advertising matter. Placing a blotter, folder or booklet in a pass-book, if you are a teller, doesn't take more than a second and is not distracting from your regular duties,—and it is a very efficient method of distributing advertising matter.

Don't knock your institution. Knocking is a detrimental blow to advertising. If something doesn't please you on the inside, better go to the proper authority and have it settled,—don't complain about it to the disinterested public on the outside. Instead, be a broadside booster ad—recommend your bank to your friends—uphold its advertising copy.

Finally, and most important—it is worth repeating—follow up or rather, live up to your bank's advertising of service. You, individually, are the salesman and dispenser of that quality of service which makes your institution what it is. If you fail to give service up to standard you are wasting the bank's advertising appropriation and ruining the reputation of the institution as well as failing yourself. For you do not follow up your bank's advertising merely to help the advertising department to make good. Incidentally you do that, but primarily you really help the institution itself, and the employee who does that is not just hired help; he is a part of his institution and cannot help but be so recognized by its directors.



DOES IT PAY TO ANTAGONIZE A DEPOSITOR?

THE AGGRESSIVE POLICY which some banks use in urging depositors to keep up their bank balances to a profitable figure is questioned by The Schoolmaster who writes in "Printers' Ink":

Many large banking houses situated mostly in big Eastern cities make a practice of dropping a note to a depositor whose account is found to fall below a certain amount over a period of say two or three months, asking him in tones of more or less formal politeness to withdraw his account altogether unless he will keep his account up to a certain minimum. In many cases the minimum is set at \$300. A considerable number of banks also require this as the initial minimum deposit.

The Schoolmaster sometimes wonders whether this custom, in



Back of Your Business

In handling any banking matter that may arise the Bankers Trust Company is prepared to place back of its customers the full facilities of the Company and the experience of its staff.

We offer you not only the working equipment of an institution that does business of worldwide dimensions, but also the personal interest and co-operation of an organization whose constant effort is to obtain the best results for its customers.

Let this Company stand as a "Tower of Strength" back of your business.

BANKERS TRUST COMPANY

<p>Downtown Office: 15 Wall Street</p>	<p><i>Member Federal Reserve System</i></p> <p>Paris 9 Rue St. Florentin</p>	<p>Astor Trust Office: 5th Avenue at 42nd Street</p>
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"A Tower of Strength"

The Bankers Trust Company uses its splendid building as a trade mark, featuring it in all of its advertising. "A Tower of Strength" is the appropriate slogan used.

"ADVERTISING IS A dynamic force in the reconstruction or readjustment period, if it

pleases you to use those terms, for we are readjusting and reconstructing in the great world

of commerce, and what is better still, we are building and expanding," says F. O. Watts.

Newspaper advertising played a large part when this bank opened a number of branches in different sections of Indianapolis.



*One of the Northwest's
Great Banks*

Our Commercial Department

COMMERCIAL banking at the United States National is all that the term implies, every possible facility being afforded for the conduct of business.

Our commercial department consists of two divisions; one for domestic transactions, while the other includes such facilities as may be necessary and helpful in acquiring and maintaining business in foreign fields.

And every unit of service is in charge of skilled operators and directly supervised by an executive.

The
**United States
National Bank**
Sixth and Stark



"Helpful Hints"

FIRST SAVINGS DEPOSIT

Don't take the mistaken view that it requires a large amount to open a savings account with the United States National Bank. You can open a savings account with as little as \$1.00 and start such an account.

Banks with handsome buildings often feature them in their advertising. To do so and still leave room enough for the bank's message is quite a typographical stunt. Here is a case where it has been done successfully.

president of the First National Bank in St. Louis, in the publication of the St. Louis Advertising Club.

"Our whole social order is directly affected by advertising, for not only our happiness and progress, but our very national existence depends upon our production, and our production must precede distribution. The secret of successful and progressive distribution is advertising. Therefore, the deduction is simple, and we cannot do a better thing at the present time than to foster and encourage scientific advertising along the most wholesome economic lines. It was a great day when legitimate business decided that advertising never was the proprietary usage of the 'bally hoo' and the faker, and it was a greater day when legitimate business decided that if adver-

tising was a powerful force to build great business, it ought also be a powerful force to protect it."



HOW BANKS ARE ADVERTISING

A PAMPHLET ENTITLED "Banking by Mail" has been issued by the Williamsburgh Savings Bank, Brooklyn, N. Y. According to the pamphlet it is not a new departure for this bank to do a banking-by-mail business, as it has for years transacted a large amount of business in this manner and has depositors in all parts of the world.

THE BANK AS A semi-public institution is featured in the following folder which was issued by the Union National Bank of Houston, Texas:

Although bank shares are usually held by private individuals and such profits as it makes are distributed to stockholders as dividends or added to its working capital, a bank is peculiarly a semi-public institution.

It serves, with the other banks of the community, to stabilize business conditions. It adds to the circulating medium and to the credit power of the community—an important item, because nowhere is there sufficient cash to take care of all transactions.

It keeps its finger upon the pulse of trade; it studies business conditions at home and abroad and counsels, without charge, with those to whom its experience and knowledge are valuable. It protects the people's funds and insures their safe transfer through the medium of checks—all without cost to the public.

To realize the public utility of banks one but needs to imagine the loss and the trouble which would be incurred if people were obliged to carry their money around in bags and pocketbooks and pockets and pay in currency.

Did you ever stop to think how much of its service the bank renders to the public, and to many who are not patrons in any sense, absolutely without remuneration?

There is an expense incident to the handling of every account, the paying of every check—book-keeping, stationery, labor—all of which the bank assumes cheerfully because it is a semi-public institution.

Its profit lies in the maintenance of good average balances by depositors and the cultivation of increasing business relations with them.

THE FINDING OF A roll of bills in the lobby of the Bank of Antwerp, N. Y., gave that bank an opportunity for the following very timely advertisement:

Some time ago we tried, through the columns of the 'Gazette,' to find the owner of a certain sum of money that was found in the lobby of the bank. No one has claimed this money so we have handed it to the finder. The finder is lucky and the loser of course unlucky, and here is another difference: the finder is a conservative person who carries but little money in his pocket but pays his bills by check, while the loser is probably one of those careless individuals who doesn't want to bother with a checking account but carries his money in his pocket and occasionally loses a bill or two. Moral—Be conservative—Pay by check.

IN A LARGE BANK with many departments parts of the work of the New Business Department is to get customers of one department interested in becoming a customer of some of the others. For example, the safe deposit box holder is a

promising candidate for the trust department, etc. The following letter, sent out by the Liberty Trust & Savings Bank of Chicago and signed by the president, was designed to promote the business of all of the departments of that bank:

Our enlarged banking quarters make it possible for us to be of increased service to you.

The first section of our new bank building is now open. In this new section are located the following departments, which are prepared to serve you most efficiently and satisfactorily:

Bond & Mortgage Department, Real Estate Loan Department, Foreign Exchange Department, Vault Department, Trust Department, Insurance Department, Partial Payment Bond Department, Savings Department, Christmas Savings Department, Ladies' Department.

We urge you to transact all of your banking and investment business with us. We offer you a centralized service, individual attention, and the most efficient and modern banking facilities.

Our official staff is composed of men thoroughly familiar with the work of their departments, and they welcome the opportunity of serving you.

We have always regarded this bank as a service institution. Our large and growing resources as reflected in the enclosed statement convince us that our INDIVIDUAL SERVICE POLICY is appreciated by our customers.

We thank you for your present business and look forward to the opportunity of acquainting you with the work of all the above departments.

ONE OF THE MOST interesting forms of advertising used recently by the Merchants Bank of Canada has been the publication of a farmers' account book. This is published in large quantities and distributed particularly in the rural and western sections of Canada. Its purpose is to aid the average farmer in keeping track of his production, sales and various business transactions. Space is also provided for keeping a record of notes and payments due, a record of mortgages payable and of insurance policies. The farmer is told how to prepare his income tax returns. A chart sets forth the accumulations accruing from monthly deposits ranging from \$1 to \$20 throughout a period ranging from one to ten years.

IN ORDER to stimulate business for its savings department, the Security Trust and Savings Bank of Yuma, Arizona, has distributed a metal coin which is good for 50 cents in opening a savings account of one dollar or more. The coins were enclosed in a special envelope, on the outside of which was printed:

We give you this valuable coin with the idea of creating an impulse on your part to start a savings account, even in a small way, for the accumulation of funds for some particular future need or just as a contingency fund for the future. All great things are made up of small units. The way to accomplish big things is to do them a bit at a time.

The highest skyscraper in the world was built from the sales

of a company whose merchandise was limited in price to ten cents.

A postage stamp is a matter of one, two or three cents. Too trifling to think of! But in the course of a year the postal service takes in \$350,000,000.

Begin your account now, even if it is in a small way, and add one, two, five or ten dollars when you can. Sometime in the future when you are really in need of funds you will thank us for having urged thrift on you at this time.

THE LIBERTY TRUST and Savings Bank of Chicago distributed this year over \$275,000 to members of its 1920 Christmas Savings Club. The 1921 club is divided into the following classes of membership:

Class 5—Ascending—Members paying 5c the first week, 10c the second week, and increasing 5c



It's all so easy
—and it pays!

SAVING has been made more profitable here by allowing compound interest, which is added April 1st and October 1st of each year, beginning April 1st, 1920.

Now you will find it still easier by the use of the attractive, convenient containers which we offer free.

Saving is in this way made as simple and easy as A B C.

Put one of these containers in your pocket—save a nickel, a dime or a quarter every day—and as you slip it into the container check the proper amount on the edge.

When you have 50 cents or more bring it here for deposit. As little as 50 cents starts an account.

Central Savings Bank
of Baltimore
Charles and Lexington Sts.

Named "Central" because of its location.

Here's a bank that "makes it easy to save." After all that's the big thing in promoting thrift. To get people to save, you have to make it easy for them.

each week till the final payment of \$2.50 on November 31st, 1921, is made, will receive a check for \$63.75 plus interest.

Class 5A—Descending—Members paying \$2.50 the first week, \$2.45 the second week, and decreasing 5c each week for fifty weeks will receive a check for \$63.75 plus interest.

Class 10—Ascending—Members paying 10c the first week, 20c the second week, and increasing 10c each week till the final payment of \$5.00 on November 21st, 1921 is made, will receive a check for \$127.50 plus interest.

Class 10A—Descending—Members paying \$5.00 the first week, \$4.90 the second week, and decreasing 10c each week for fifty weeks will receive a check for \$127.50 plus interest.

Other classes provide for weekly payments of 50 cents, \$1, \$2 and \$5.

THE NATIONAL EXCHANGE Bank of Roanoke, Va., has issued a pamphlet entitled "Complete Financial Service," describing the various services offered by this bank. It is being distributed by the bank's advertising department.

THE IRVING NATIONAL Bank of New York has issued the following list of "don'ts" for the guidance of the copy writers of its publicity department:

Don't shoot wildly in advertising or publicity effort. There should be an objective just as in other departments of business endeavor.

Don't forget that a bank has something to sell. Find out what that something is and use advertising and publicity as definite details in a sales campaign.

Don't turn out anything but the highest quality of copy reasonably possible. This is worth while, even though it limits the field of effort somewhat.

Don't overstate your case. If you do, the result may be to suggest comparisons with other competing institutions which will not be favorable to your institution, and the final effect of which may be the advertising of your competitor.

Don't forget that the individual you aim at is not obliged to read your stuff. The problem is to make him read it and like it.

Don't advertise as accomplishments things which in reality are only prospects. There comes a day of accounting in advertising as in other things.

Don't advertise in a field in which you are not prepared to conduct a selling campaign. Synchronize your sales efforts.

Don't forget that it is the selected tone of your institution which should be the predominant characteristic in advertising effort of all kinds. Try to make yourself believe that the other fellow

has assigned to you a desirable part, then play up to it.

Don't underestimate the intelligence of the man who is supposed to read your copy. Naming your institution in every other paragraph is not quite so raw as "trading horses in church," but it gets into that general class.

Don't "kid" yourself into the belief that copy which looks good to you will be effective. Whether it looks good to the reader is the test and should be your guide.

Don't be a "copy-cat." Banking and business are being revolutionized nowadays. Intelligent advertising should strive for a place fairly well up in the procession.

Don't always try to beat the other fellow at his own game. Frequently a study of what he is doing is the best guide as to what you should not do.

Don't make the mistake of believing that any intelligent busi-

ness man can write copy. It is a specialty.

Don't mix things up too much. The copy put out by your institution should be generally uniform, but this should not be carried to the extent of monotony.

THE CANADIAN BANK of Commerce has reprinted in pamphlet form the very excellent series of advertisements on the exchange situation which the bank has been running once a week in the Canadian press. This series was designed to explain to Canadians the reasons why they must pay a heavy premium for United States funds. The first of the series reads as follows:



FINANCING THE GREAT UPTOWN

STORES AND SHOPS

THE great stores and shops have created a demand for a new banking center.

IN response to this demand we have located for the convenience of the shops and shoppers on

MADISON AVENUE at 45TH STREET

THE EQUITABLE TRUST COMPANY

OF NEW YORK

BANKING, TRUSTS & INVESTMENTS
SAFE DEPOSIT VAULTS

New York banks are featuring their uptown branches these days. Banking service in the shopping district is evidently demanded by the public.

Fifty-six years ago, after the Civil War, the United States dollar was quoted in Toronto at forty cents. To-day that dollar is quoted here at one hundred and ten cents, or more, while the Canadian dollar has an exchange value of only about ninety cents in the United States.

On every side the questions are asked, "What is the meaning of 'Exchange'?" "Why is our money at a discount?" and "When will the Canadian dollar again be worth its face value?"

Many false impressions are held as to the cause of these fluctuations.

In the following series of advertisements, which will be published in this paper each week, we shall try to make clear the factors controlling the rise and fall in value of the dollar.



FROM CURRENT ADVERTISING

FIDELITY TRUST COMPANY, Buffalo, N. Y.:

THAT BOY OF YOURS

He is a real boy and no question about it.

You have often looked forward to the time when he will be making a success of his life in some business or profession. But have you tried to visualize his struggle should financial reverses come to you thereby making it impossible for you to give him the benefit of a good education.

There is one way of providing against any such difficulty. Set up an Educational Trust with the Fidelity. Such a Trust can be made so that it will accumulate until he is ready to enter college and can then start paying an income for his college expenses. Nothing that happens to you will interfere with his education.

We will be glad to discuss this matter of an Educational Trust with you at any time. Ask for either Mr. Drollinger or Mr. Easterbrook.

EQUITABLE TRUST COMPANY,
New York:

ARE YOU LOOKING FOR ADVICE IN INVESTMENT MATTERS?

Do you ever feel the need of a friend on whose advice and judgment in investment matters you can really rely?

Every day thousands of men in New York read the bond news in their daily newspapers. They are investment opportunities which seem exceptional—but they hesitate.

What do they know of the business and strength of the issuing corporations? Or of the responsibility of those offering the securities? Or what particular kind of bond is best suited to their circumstances and future plans?

And every day men like these

are finding in The Equitable Trust Company the friend for whom they have been looking. Our Investment Department will give you the personal attention of an individual plus the combined knowledge and judgment of many specialists.

Go to the fifth floor of our Wall Street Office, the main floor of our Colonial Office, or the second floor of our Uptown Office.



AN EXAMPLE of how *not* to advertise "investment" securities:

Scene—Busy Office.

Characters — Mr. Busy Business Man and Voice With a Smile.

Telephone rings.

B. B. M.—"Hello."

Voice—"Mr. —, have you ever stopped to consider the remarkable opportunity for quick profits which is

presented in Wild Cat Oil? I am fortunate in being able to offer you, as a representative—"

Telephone—B-z-z-z-z.

B. B. M.—"Tlurvstwzym. Blankity blank! ! !"

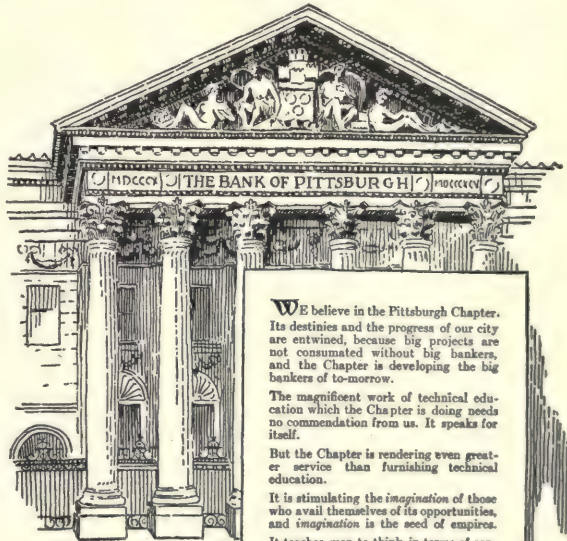
Silence. Curtain.

There are few men who will stand for being solicited by telephone by a perfect stranger on a brand new speculative proposition. Calling up a regular customer is another matter.



The New Business Department.

By T. D. MacGregor. Describes how a bank can systematically cultivate and secure new business from various sources. Illustrated with forms, etc. Price, \$1.25, delivered.



*Established 1810
"Service-Plus"*

The Bank of Pittsburgh
NATIONAL ASSOCIATION

This Pittsburgh bank gives a friendly boost to the A. I. B.

Bank Advertising Exchange

IMPORTANT NOTICE

This list has been thoroughly revised. All members are urged to correct their mailing lists accordingly. All of those named below have agreed to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1921, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Blize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D

Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Bebian, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co. of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E

Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernal Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F

Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G

Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, New York.
Gilmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Grimm, H. B., mgr. bus. ext. dept. Security Tr. Co., Detroit, Mich.

H

Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, C. H., Union Tr. Co., Cleveland, Ohio.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Higgins, A. E., adv. serv., 2929 Bway., N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., statistical dept., Union Bank of Canada, Toronto, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, Harold G., secy., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

I

Imhoff, C. H., vice-pres., Union Nat'l Bank, Newark, N. J.

J

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.
Johnson, S. W., mgr. new bus. dept., Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., mgr. adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K

Keeton, M., mgr. svgs. dept., Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., Liberty Nat'l Bank, N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lersner, V. A., comp., Williamsburgh Svgs. Bank, Bway. & Driggs Ave., Brooklyn.
Lord, A., American For. Bkg. Corp., 53 Bway., N. Y.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
 McElvare, R. R., mgr. serv. dept., Nat'l Bank of Commerce, N. Y. C.
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Bway., N. Y. C.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
 Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morris, W. F., vice-pres., 1st Nat'l Bank, Berkeley, Cal.

O

Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Painter, W. H., asst. to pres., Security Nat'l Bank, Dallas, Tex.
 Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N.Y.C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr. new bus. dept., American Nat'l Bank, Richmond, Va.

S

Sawyer, W. M., mgr. pub., Nat'l City Co., N. Y. C.
 Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Selater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellew, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept., Industrial Svgs. Bank, Flint, Mich.

Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., Nemeth State Bk., N. Y. C.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n, South Bend, Ind.
 Strelcher, J. H., New Bus. Dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
 Sutton, F. T., pub. mgr., Mercantile Bank of the Americas, N. Y.

T

Tait, A. G., pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thurston, W. B., Jr., mgr. for. dept., Merch. Mechanics 1st Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
 Wadden, E. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.

Z

Zambrano, A., Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.



A. B. A. Commissioners Appointed

FOLLOWING a meeting of the administrative committee of the American Bankers Association, John S. Drum, president of the Association, has announced the appointments of these commissions:

The commerce and marine commission, out of whose work has grown the new hundred million dollar Foreign Credit Finance Corporation, is composed of the following:

John McHugh, chairman, vice-president Mechanics and Metals National Bank, New York City; Lewis E. Pierson, chairman of board Irving National Bank, New York City; Charles H. Sabin, president Guaranty Trust Company, New York City; Fred I. Kent, vice-president Bankers Trust Company, New York City; Daniel G. Wing, president First National Bank, Boston, Mass.; Arthur Reynolds, vice-president Continental and Commercial National Bank, Chicago, Ill.; William A. Law, president First National Bank, Philadelphia, Pa.; F. O. Watts, president First National Bank, St. Louis, Mo.; Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati, Ohio; Robert F. Maddox, president Atlanta National Bank, Atlanta, Ga.; Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va.; Richard S. Hawes, vice-president First National Bank, St. Louis, Mo.; James J. Fagan, vice-president Crocker National Bank, San Francisco, Cal.; Waldo Newcomer, president National Exchange Bank, Baltimore, Md.; John L. Hamilton, president Equitable Securities Co., Columbus, Ohio; W. F. Collins, secretary, 5 Nassau street, New York City.

The economic policy commission which has to do with the consideration of all questions involving money and currency, public finance, Federal taxes, etc., consists of:

Paul M. Warburg, chairman, Kuhn, Loeb & Co., New York City; Walter W. Head, president Omaha National Bank, Omaha, Neb.; W. H. Robinson, president First National Bank, Los Angeles, Cal.; Charles A. Hinsch, president Fifth-Third National Bank, Cincinnati, Ohio; A. E. Adams, president Dollar Savings and Trust Company, Youngstown, Ohio; Evans Woollen, president Fletcher Savings and Trust Company, Indianapolis, Ind.; Geo. E. Roberts, vice-president National City Bank, New York City; A. L. Aiken, president National Shawmut Bank, Boston, Mass.; R. S. Hecht, president Hibernia Bank and Trust Co., New

Orleans, La.; M. A. Traylor, president First Trust and Savings Bank, Chicago, Ill.; John W. Staley, president Peoples State Bank, Detroit, Mich.; Waldo Newcomer, president National Exchange Bank, Baltimore, Md.

The agricultural commission, which for many years has prompted friendly relations between the banker and the farmer, is constituted as follows:

Joseph Hirsch, chairman, president Corpus Christi National Bank, Corpus Christi, Tex.; F. N. Shepherd, director Empire National Bank, Lewiston, Idaho—address for mail: Mills Bldg., Washington, D. C.; J. R. Wheeler, president Farmers and Merchants Union Bank, Columbus, Wis.; E. J. Bodman, vice-president and secretary Union and Mercantile Trust Co., Little Rock, Ark.; Chas. B. Lewis, president Fourth National Bank, Macon, Ga.; Will C. Gordon, vice-president Farmers Savings Bank, Marshall, Mo.; W. G. Edens, vice-president Central Trust Co., of Illinois, Chicago, Ill.

The public relations commission, having in charge matters of publicity in which the association is interested, has for its chairman Francis H. Sisson, vice-president Guaranty Trust Company, New York City. The other members are:

M. E. Holderness, vice-president First National Bank, St. Louis, Mo.; Fred W. Ellsworth, vice-president Hibernia Bank and Trust Co., New Orleans, La.; H. L. Remmel, president Bankers Trust Co., Little Rock, Ark.; Wm. P. Sharer, president First National Bank, Zanesville, Ohio; C. F. Weed, vice-president First National Bank, Boston, Mass.; John R. Washburn, vice-president Continental and Commercial National Bank, Chicago, Ill.

President Drum also appointed as members of the executive council at large the following bankers:

W. H. Robinson, president First National Bank, Los Angeles, Cal.; E. W. Decker, president Northwestern National Bank, Minneapolis, Minn.; Fred I. Kent, vice-president Bankers Trust Co., New York City; R. G. Rhett, president Peoples National Bank, Charleston, S. C.; John W. Staley, president Peoples State Bank, Detroit, Mich.

Other committees of the Association are as follows:

Administrative Committee: John S. Drum, chairman, president Mercantile Trust Co.,

San Francisco, Cal.; Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va.; John H. Puelicher, president Marshall and Ilsley Bank, Milwaukee, Wis.; Richard S. Hawes, vice-president First National Bank, St. Louis, Mo.; John F. Hagey, vice-president First National Bank, Chicago, Ill.; Tom J. Hartman, vice-president Producers State Bank, Tulsa, Okla.; I. H. Kemper, president Texas Bank and Trust Co., Galveston, Tex.; Joseph Wayne, Jr., president Girard National Bank, Philadelphia, Pa., representing Trust Co. Division; Edmund D. Hulbert, president Merchants Loan and Trust Co., Chicago, Ill., representing Savings Division; W. A. Sadd, president Chattanooga Savings Bank, Chattanooga, Tenn., representing National Bank Division; Henry H. McKee, president National Capital Bank, Washington, D. C., representing State Bank Division; E. C. McDougal, president The Marine Trust Co., Buffalo, N. Y.

Finance Committee: Thos. B. McAdams, vice-president Merchants National Bank, Richmond, Va., chairman; John H. Puelicher, president Marshall and Ilsley Bank, Milwaukee, Wis.; Harry M. Rubey, president Rubey National Bank, Golden, Colo.; Rome C. Stephenson, president St. Joseph Loan and Trust Co., South Bend, Ind.; O. N. Sams, president Merchants National Bank, Hillsboro, Ohio; W. E. Purdy, assistant vice-president Chase National Bank, New York City; Frank W. Blair, president Union Trust Co., Detroit, Mich.; Arthur B. Morton, vice-president Pennsylvania Company for Insurance on Lives and Granting Annuities, Philadelphia, Pa.; J. R. Dominick, president Traders National Bank, Kansas City, Mo.

Committee on Federal Legislation: C. H. McNider, president First National Bank, Mason City, Iowa, chairman; Fred Collins, vice-president Bank of Commerce and Trust Co., Memphis, Tenn.; George E. Brock, president Home Savings Bank, Boston, Mass.; H. J. Haas, vice-president First National Bank, Philadelphia, Pa.; R. W. Akin, cashier Peoples State Bank, Sullivan, Ind.; George O. Watson, president Liberty National Bank, Washington, D. C.

Committee of Five (Par Collection): M. J. Dowling, president Olivia State Bank, Olivia, Minn., chairman; McLane Tilton, president Commerce Bank and Trust Co., Charlottesville, Va.; Fred Collins, vice-president Bank of Commerce and Trust Co., Memphis, Tenn.; Charles de B. Claiborne, vice-president Whitney-Central National Bank, New Orleans, La.; E. M. Wing, president Batavian National Bank, LaCrosse, Wis.

Insurance Committee: L. E. Sands, president First National Bank, Pittsburgh, Pa., chairman; Oscar G. Foreman, president Foreman Bros. Banking Co., Chicago, Ill.; Frank L. Hilton, vice-president Bank of

the Manhattan Co., New York City; J. A. Latta, vice-president Northwestern National Bank, Minneapolis, Minn.; Geo. S. Murphy, president First National Bank, Manhattan, Kan.

Committee on Membership: L. E. Phillips, vice-president Bartlesville National Bank, Bartlesville, Okla., chairman; P. B. Doty, president First National Bank, Beaumont, Tex.; W. D. Longyear, vice-president Security Trust and Savings Bank, Los Angeles, Cal.

Committee on Public Education: John H. Puelicher, president Marshall and Ilsley Bank, Milwaukee, Wis., chairman; Stewart D. Beckley, president American Institute of Banking and cashier City National Bank, Dallas, Tex.; Robert B. Locke, vice-president American Institute of Banking and manager Federal Reserve Bank, Detroit, Mich.; Henry H. McKee, president National Capital Bank, Washington, D. C.; Rudolph S. Hecht, president Hibernia Bank and Trust Co., New Orleans, La.; Rome C. Stephenson, president St. Joseph Loan and Trust Co., South Bend, Ind.; E. H. Sense-nich, vice-president Northwestern National Bank, Portland, Ore.

Committee on Public and Private Thrift: S. Fred. Strong, treasurer Connecticut Savings Bank, New Haven, Conn., chairman; John J. Pullevyn, president Emigrant Industrial Savings Bank, New York City; J. A. House, president Guardian Savings and Trust Co., Cleveland, Ohio; Oliver J. Sands, president American National Bank, Richmond, Va.; E. R. Decker, president Northwestern National Bank, Minneapolis, Minn.; Joseph R. Noel, president Noel State Bank, Chicago, Ill.; D. W. Twohy, president Old National Bank, Spokane, Wash.

Committee on State Legislation: Craig B. Hazlewood, vice-president Union Trust Co., Chicago, Ill., chairman; L. A. Baker, cashier Manufacturers Bank, New Richmond, Wis.; Charles B. Lewis, president Fourth National Bank, Macon, Ga.; John B. Clement, second vice-president Central Trust Co., Camden, N. J.; F. J. Belcher, Jr., vice-president First National Bank, San Diego, Cal.; Charles S. McCain, vice-president Bankers Trust Co., Little Rock, Ark.; Edward Buder, vice-president and treasurer Mercantile Trust Co., St. Louis, Mo.; J. Pope Matthews, president Palmetto National Bank, Columbia, S. C.; W. P. Andrews, cashier First National Bank, Ft. Worth, Tex.; Robert B. Clark, active vice-president The Bank of Tupelo, Tupelo, Miss.; J. A. Ormond, cashier Citizens State Bank, Marianna, Fla.; J. N. Kehoe, president Bank of Maysville, Maysville, Ky.

Committee on State Taxation: Ernest J. Perry, president First Fond-du-Lac National Bank, Fond-du-Lac, Wis., chairman; A. E. Adams, president First National

Bank, Youngstown, Ohio; Wayne Hummer, president LaSalle National Bank, LaSalle, Ill.; Frank B. Cook, president Columbia

Trust Co., Salt Lake City, Utah; Oscar W. Arcularius, cashier Bank of Washington, Washington, Mo.



Associated Trust Companies Begin National Publicity Campaign

THE most important and far-reaching effort ever undertaken to develop the potential trust business of the country is beginning in the form of full page advertisements appearing in the January issues of national magazines.

The first advertisement, entitled "The Business Side of Happy New Year," sets forth the importance of making a will and the value of naming an executor possessing "continuous existence, accumulated experience, financial responsibility and the counsel and direction of many men skilled in business." Each advertisement calls attention to a new booklet "Safeguarding Your Family's Future" which may be obtained upon request from any subscribing member to whom it is supplied or by writing direct to the Trust Company Division, American Bankers Association, 5 Nassau Street, New York, by whom the advertisements are signed.

Each subscribing trust company has been supplied with a copy of a bulletin which contains helps, suggestions and explanations for handling the work locally in each community. This bulletin contains a general letter to subscribers; signed by Francis H. Sisson, chairman of the committee on publicity of the Trust Company Division; copy of advertisement appearing

in national magazines; additional copies of national advertisement to be exhibited by subscribers in their bank-entitled "Safeguarding Your Family's Future"; six pieces of newspaper copy for use in local papers; forms for letters or printed matter in addressing prospective customers and persons requesting booklets; suggested editorial matter and a simple but complete outline of a system of record for follow-up work.

This campaign is being conducted by the committee on publicity, Trust Company Division, American Bankers Association, composed of the following:

Francis H. Sisson, vice-president Guaranty Trust Company of New York, New York City, chairman; Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La.; G. Prather Knapp, publicity manager Mississippi Valley Trust Company, St. Louis, Mo.; I. Webster Baker, publicity manager The Guardian Savings and Trust Company, Cleveland, O.; Edw. H. Kittredge, advertising manager Old Colony Trust Company, Boston, Mass.

The detailed operation is in charge of Leroy A. Mershon, secretary of the committee, at 5 Nassau Street, New York.



Banking by Wireless

FOR the first time in the history of Wall Street the wireless telegraph supplanted the ordinary telegraph lines one stormy day last month in the carry-

ing on of stock market operations between New York and Chicago. The wire lines were disrupted by the storm early in the morning and during the

final hour of trading on the New York Stock Exchange, W. J. Wollman & Co. conducted business with Clement, Curtis & Co. of Chicago by wireless. The plan worked with such perfection that W. J. Wollman, who instituted the new procedure, stated that it was a tremendous step forward and precluded New York being isolated from the rest of the country because of storms which would put the telegraph lines out of commission.

The arrangement for the service was made hastily with the Intercity Radio Communication Service, which will operate wireless between New York, Cleveland, Detroit and Chicago. This service has not been formally opened; in fact, it was an invitation to the opening of the service the following day which gave Mr. Wollman the idea of trying the service at once.

He communicated with the company and within a few minutes the following message was sent to Clement, Curtis & Co. of Chicago: "Have made arrangements with a wireless company to handle our messages when wires are down.

Let us try it out." The answer was flashed back from Chicago: "If occasion arises we will use it." The land telegraph wire was giving difficulty and within a few minutes the first overland wireless message in connection with the stock market flashed from Chicago to New York.

The message was received three minutes after it left Chicago. Several later messages took from seven to eight minutes. In the case of each brokerage house, however, the message had to be telephoned to the radio station in the respective cities and this caused some little delay that could be eliminated by the use of private wires for this purpose. Mr. Wollman said he believed that a half minute would suffice for the transmission of an order with the telephone part of the arrangement working to better advantage.

After the close of the stock market the operations by wireless were checked up over the private wire between New York and Chicago and it was found that not a single mistake had been made.



Soundness of the Banking Situation

CHARLES H. SABIN, President Guaranty Trust Company, New York

FOR months it has been certain—and it has been repeatedly so stated by students of the situation—that there must be a liquidation of commodities, securities and labor before this country could recover from the effects of the war and be restored to anything like a business basis.

The regrettable thing is that, as commodity and security prices reached points far above their real value in the boom period, so they are today falling to points far below their real value. Necessary liquidation is proceeding after the manner anticipated.

The unfortunate effect in such a situation is always that many innocent parties are made to suffer through ig-

norance and misunderstandings, and also through the spread of false and malicious rumors which such conditions always inspire, with a resulting loss of confidence and panic sales.

There is so much in the present situation to inspire confidence and hope for the future that it is little short of criminal for any one to paint the picture so blackly, through either ignorance or intent, that these vital facts are obscured.

Our banking system has withstood the greatest credit strain in its history and is on a sound and workable basis. We are in the soundest financial, industrial and political condition of any important nation in the world.

To consider the present reaction as

anything but a temporary setback from the destruction, inflation, extravagance and unsound economic conditions precipitated by the war is simply not to reckon with the truth. It remains true today, as it has since this country was first settled, that any man who sells the United States of America "short" is in the long run certain to lose, and furthermore, any man who seeks to

profit by the misfortunes of others in the circulation of misstatements or false rumors, hoping to precipitate further reactions, should be branded as a public enemy.

This is a time for clear thinking and courageous acting, and in the proportion that such factors are brought to bear will rewards follow when this spell of reaction has run its course.



Book Reviews

LABOR'S CRISIS. By Sigmund Mendelsohn. New York: The MacMillan Company.

The question of labor reform is taken up by this employer from the employer's point of view. He analyzes labor's propositions to remedy the existing unrest, argues that the labor scarcity is not entirely due to decrease in the number of laborers, and suggests many effects of the unrest itself on production and on labor. It is a thoughtful study by a keen, open-minded employer, contributing to one of the most important discussions of the day.



THE GREAT GAME OF BUSINESS. By J. George Frederick. New York: D. Appleton and Company.

The rules that make men work well together for business results, the things that make the great game of business enjoyable, the facts that show what business really is, are dwelt upon by Mr. Frederick. He shows the way by which men push ahead, the motives which make them succeed, the aims of profit-getting and proving themselves which are back of all effort. The book starts and finishes with the idea that business, properly played, is perhaps the greatest game left to man. The rules, he says, are being set by men of character, by law, by reform agitation, by Federal Trade Commission, by trade associations.

AMERICAN CHAMBER OF COMMERCE IN LONDON. Year Book, 1920. London, England.

The American Chamber of Commerce in London is endeavoring to promote a better understanding and a closer relation between the United States and the United Kingdom. The year book states its aims and activities, officers and directors, by-laws, and gives a list of its life, active, and associate members.



ECONOMIC HISTORY OF MANCHURIA.
ECONOMIC HISTORY OF CHOSSEN.
Seoul, Chosen: Bank of Chosen.

These two volumes are the second and third of a series compiled in commemoration of the decennial of the Bank of Chosen. They show the development of the countries in which the bank has operated and to which it owes its development. In order to engage in business successfully with foreign countries, their conditions must be studied and appreciated and these two books give that needed insight into the advantages of the East.



MONEY AND BANKING. By John T. Holdsworth. New York: D. Appleton & Company.

This book covering the history, principles and practices of money, credit and banking, is designed to be used as a source of general information for bus-

ness men and students of banking and business. In this revised edition account is taken of the functioning of the Federal Reserve System under the stress of war and of the changes in banking practice brought about by war and after war conditions. Recent banking legislation is thoroughly covered and the growing importance of trade and bankers' acceptances in the banking system is given adequate treatment.



INVESTMENT BANKERS AND BROKERS OF AMERICA. 1920. New York: Sites Publishing Company, Inc.

This record contains in a concise manner names, addresses and description of class and kind of security handled by approximately ten thousand dealers in securities in the United States and Canada. With reference to dealers, the following information is given:

Name, address, when organized and capital; description of class of securities dealt in and long distance telephone calls; departments (sales, buying, municipal, etc.) with managers' names; memberships in exchanges, correspondents, private wires, firm members, branch offices, bank references, original issues underwritten during the current year; records of stock exchanges showing history, members, securities traded in; commission rates, rules for delivery, digest of constitution and by-laws; security dealers' associations in the United States and Canada; history, members, constitution and by-laws; Blue Sky and investment security laws of all the states in full; court decisions, interpretations, instructions; forms required in application for licenses.

The information has been gathered from authentic and original sources and carefully compiled.



PRACTICE AND LAW OF BANKING. By H. P. Sheldon. London: MacDonald and Evans.

This book endeavors to provide for the practical bank man and for the student of English banking law and prac-

tice, a manual sufficiently extensive in scope to meet present-day requirements. It devotes parts to the law of cheques, bills of exchange and promissory notes, banking instruments, bankers' funds, securities, bankruptcy and deeds of arraignment. The law cases cited throughout are listed for quick reference.



TRUST COMPANIES OF THE UNITED STATES. 1920. New York: United States Mortgage and Trust Company.

This volume, which is published yearly, lists all trust companies and banking institutions acting in a fiduciary capacity in the United States. The information is secured from authoritative sources such as the various state bank departments. The latest statement of each trust company listed is given.



TRUSTS AND TRUSTEES. New York: American Exchange National Bank.

This little book is published by the American Exchange National Bank to tell how the trust department can help in matters of a fiduciary nature.

Authoritative data respecting trusts, trustees, wills, executors and related subjects is offered in a concise, handy and interesting form.



BIBLIOGRAPHY OF INDUSTRIAL EFFICIENCY AND FACTORY MANAGEMENT. By H. G. T. Cannon. New York: E. P. Dutton & Company.

The first part of this handbook is a classified and annotated guide to the literature published in book form on industrial efficiency and factory management with analytical references from the contents of such works relating to the science of industrial management, and also indexes the important articles published in the transactions of various societies and technical journals. The second part is an alphabetical author index which shows the exact position of entries dealing with the references on any particular topic treated therein.

TAFT PAPERS ON THE LEAGUE OF NATIONS. New York: The MacMillan Company.

The speeches and letters of ex-President Taft have been edited as he is a foremost authority on the League of Nations. This collection of his papers groups in order the speeches and the correspondence, especially with the White House, on points involved during the famous Senate deadlock. The objections to the League on the grounds that it interfered with our sovereignty, and with the Monroe Doctrine, that it involved abandonment of our traditional policy against entangling alliances, and that the country lacked power under the Constitution to enter into such a treaty are met by Mr. Taft in these papers.

FOREIGN GOVERNMENT SECURITIES. By Albert W. Kimber. New York: A. W. Kimber & Company.

The financing of foreign countries by the bankers and investors of the United States makes this book of timely interest. It is a comprehensive and scientific exposition of the entire subject of foreign government bonds and investment in them. Purposes, methods and provisions of such bonds, their security, prices and fluctuations are clearly explained in various chapters. A practical application of the principles set forth in the preceding chapters is given in the analysis of two typical countries, representing a good risk and a bad risk from the investor's point of view.



National Thrift Day and its Effect on American Character

By L. R. GARRETSON

JUST as Christmas, Fourth of July, and the observance of the birthdays of Washington and Lincoln have affected American character, so has the observance of National Thrift Day.

Five years ago, Charles H. Norton, of Philadelphia, as a result of his close contact with the business extension work of bankers throughout the country, conceived the idea of a day to be nationally observed as one upon which the individual would start some definite practice of thrift. Clear-visioned bankers here and there throughout the nation saw the value of the idea immediately and a great many put it into practical operation, with the result that a large number of new accounts were opened in such communities on that day.

Since then, year after year, the popularity of National Thrift Day has grown; and its being designated as January 17—the anniversary of the

birth of Benjamin Franklin—has made the observance a most appropriate and popular one wherever the teachings of "Poor Richard" are appreciated and their practice encouraged.

Particularly at this time of falling prices the stability and soundness of our national structure are founded on our thriftiness. The wonderful wealth of this nation makes possible through even moderate thrift preparation for any condition, and that we are prepared is indicative of the far-sighted tendencies of our people as a whole.

It is interesting to know that notations of last year's observances show that in some five or six hundred communities, National Thrift Day was observed, and that proclamations were issued in many states, while approximately \$100,000 was invested by committees in the promotion of the campaign.

New Export Problems

Mere order-taking in foreign trade has had its day. Though our shipments of goods and merchandise over-seas continue large, bankers and exporters in every line recognize that the turn in the tide has come.

In future, goods that go abroad must first be sold. Customers must be sought, studied, served. Markets must be developed on a basis of information and analysis even more exact than those required in securing export business in the past.

In making contacts with unfamiliar markets—in keeping touch with changing conditions—in carrying out the financial or shipping operations required in over-seas transactions—the Irving's Foreign Trade and Foreign Service Divisions may be able to supply you and your clients with just the information, counsel or commercial aid you need. For export bankers and merchants, Irving service spans all seas.

IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK





Is this the bank you are looking for?

IN New York there is a bank that will help you when your limit of service to important customers is reached; that will help you to care for their New York and foreign business, and to underwrite and market bond issues of local industries.

And, if you are a bond dealer, a bank that will help you get quotations more quickly and execute orders in outside markets.

The name of this bank is The Equitable. It has grown by helping others to grow—by helping them better serve their own customers. And proud of its size and strength, it is even prouder of its reputation as “The Friendly Bank.”

We want to be a friendly bank to you; how can we serve you today?

37 Wall Street

Uptown Office
Madison Ave. at 45th St.

Colonial Office
222 Broadway

London—3 King William St., E. C. 4

Paris—23 Rue de La Paix

**THE EQUITABLE
TRUST COMPANY
OF NEW YORK**

BANKING TRUSTS & INVESTMENTS
SAFE DEPOSIT VAULTS

Total Resources, Over \$300,000,000

International Banking and Finance

SPECIAL

 **BANKERS
MAGAZINE**

SECTION

Foreign Trade and the Interior Bank

By Willis H. Booth

Vice-President Guaranty Trust Company of New York

UP to the present time the banks in the interior of the United States have played a comparatively small part in the development of our foreign trade. As a result of the war, this country has been forced into many new industrial and financial activities that reach out into every foreign country, activities which affect the welfare of the smaller communities nearly as much as they do those of the larger cities. Manufacturers in small towns throughout the United States have become interested in the possibilities of foreign markets, and they naturally are looking to their local banks to advise them regarding their foreign trade problems, both actual and potential. We believe that the time has come for the interior bank to realize that its business is the same as all others—that the biggest thing it has to sell is Service, and that at the present moment one of its greatest opportunities for service is to aid in the development of American foreign trade.

We have learned by recent experience that the factories of America are today so huge and their output at full capacity is so great that the domestic market cannot regularly absorb it. It is only by a constant flow of overseas trade that we can run full time all the time. To do less than that means homes in America in which the breadwinner is out of work. It means "part time" in many factories, or mills that are entire-

ly shut down. Additional orders from any source tend to reduce overhead expenses of production, and tend also to reduce the cost of raw materials by increasing the quantity bought. All the advantages of large scale production come into play when these export orders are received.

Increased orders from foreign countries tend to change the seasonal demands to year-round demands. The manufacturer who has a market for his goods in South America, for instance, possesses a great advantage, because the seasons there are exactly the reverse of our own. And so, because the markets of all the world are greater and steadier than the markets of any one country, the American manufacturer and merchant must cultivate the foreign field, and the interior bank, in coöperation with the international bank, must be prepared to offer facilities necessary for the prompt and efficient handling of foreign trade transactions.

THE STAKE OF THE INTERIOR BANK

That the interior bank is vitally interested in the development of foreign trade is evident from the fact that a large proportion of the manufactured goods exported from the United States are produced in towns with a population of fifty thousand or less. There are two thousand one hundred and forty-nine towns of this size. As to our im-

port trade, it is only necessary to point out that Akron, Ohio, with a population of one hundred and fifty thousand, buys about one-fourth of all the crude rubber in the world. In four hundred and sixteen cities of ten thousand to twenty-five thousand, in 1914, the total value of manufactured products was \$3,261,395,000.

Cities of fifty thousand and under make up a large proportion of our manufacturing area and present almost unlimited possibilities from the foreign trade standpoint. There are one hundred and thirty-three towns of this size in Indiana, and an exactly similar number in Massachusetts. The most cursory examination of the manufacturing facilities of these hundreds of small towns reveals their possibilities from a foreign trade point of view. And the manufacturers in those towns are no longer groping in the dark in regard to foreign affairs. Practically all of them are members of powerful trade associations. They journey in large numbers from the small interior towns to New York or San Francisco to attend foreign trade conventions, and they are diligent readers of foreign trade publications. But, in far too many cases, when they go back home they do not find in their own towns the facilities for obtaining the information for transacting their foreign business. Export shipments are made constantly from all these small towns. Imports of raw materials needed in our industries are constantly flowing from the seaboard to the interior. All these transactions involve the services of banks. The interior bank may interpose itself as a useful link in the system of overseas trade.

INCREASING INTEREST OF INTERIOR TOWNS IN FOREIGN TRADE

How widely distributed is the interest in foreign trade is plainly shown by a study of the letters received by the International Trade Service of the Guaranty Trust Company of New York from the smaller towns throughout the United States, which indicate an increasing interest in foreign trade on the part not

only of the interior banks but of the local manufacturers. Danville, Va., is interested in sending tobacco to Venezuela; La Porte, Ind., wants to send farm tractors to Brazil; Austin, Tex., desires to import French novelties; St. Joseph, Mich., desires an agent for automobile accessories in India; Burgettstown, Pa., sends an inquiry regarding industrial enterprises in Jugoslavia; Parkersburg, West Va., wants to sell oil well supplies to Mexico; Keokuk, Iowa, is interested in developing a market for rolled oats in South America; Coshoc-ton, Ohio, wants to appoint an agent in Spain for its glass bottles; Lompog, Cal., is interested in the importation of mustard seed from the Dutch East Indies; Cadillac, Mich., desires to ship veneer to New Zealand; Monessen, Pa., is interested in steel wire in South Africa; Charlotte, N. C., wants to send cotton to Finland; Norfolk Downs, Mass., has a customer for weighing machinery in Formosa; Mount Pleasant, Mich., has a customer for trucks in Guatemala, and Valdosta, Ga., wants to export cotton linters to Czechoslovakia.

It is obvious that the interior bank cannot set up elaborate machinery and an expensive personnel equipped to answer specific inquiries regarding foreign trade. The international bank, has, however, built up a worldwide network of branches, affiliations and special correspondents, backed up by staffs of experts in the metropolis, which is freely offered to the interior banker in order to assist him to develop the foreign trade of his community. The international bank has, in fact, created facilities which make it possible for the exporting and importing clients of the inland bank to do business on a safe basis with the merchant in the interior of China, the ranchman in Australia, the miner in Africa, and the planter in Latin America.

WORLDWIDE FACILITIES AVAILABLE

To illustrate concretely just what this means, let us examine the facilities which are offered to the interior bank by the large international financial in-

BROWN BROTHERS & CO.

Established 1818

4th & Chestnut Sts.
Philadelphia

39 Wall St., NEW YORK

60 State St.
Boston

CREDIT INFORMATION

In the many years of our business experience we have compiled valuable credit information concerning individuals, firms, and corporations in all parts of the world. We are in a position to obtain facts of current credit and commercial conditions in this and other countries and to advise as to foreign business usage. This service is at the disposal of our clients.

A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
LONDON, E. C.

Office for Travelers
123 Pall Mall, LONDON, S. W.

stitutions. First of all, they have direct banking connections with Great Britain and Continental Europe, the Near East, Latin America, South Africa and Australasia, with China, Japan, British India, the Dutch East Indies, and with the Straits Settlements. They are in direct and constant communication with thousands of correspondents in every trade centre of any importance throughout the world.

In their foreign trade services these international banks have created departments to give specific commercial information, by interview or by mail, regarding the prospects for the sale of American goods abroad. They have immediate access to reports regarding the credit standing and commercial probity of hundreds of thousands of foreign firms and corporations, all of them carefully revised to cover changes made during the war.

These departments include in their personnel experts on tariffs, marine insurance, freights, forwarding, customs

duties and shipping documents, and men who have traveled extensively in foreign countries. Supplementing their personal knowledge of foreign countries and of the manners and customs of the peoples inhabiting them is a daily service of information by mail, wire and cable from private and official sources and from their branches, subsidiaries and agents throughout the world regarding changing conditions, new demands for American products and movements of foreign buyers. Over the desks of these experts there passes each day a large quantity of written and printed material in all languages, and items of interest to American exporters and importers are sent out promptly to specially selected mailing lists.

CONCRETE EXAMPLE

Here is a concrete example of the kind of service which an interior bank should be able to render: In an Illinois town of about ten thousand inhabitants

there is a small factory manufacturing a line of tools. As a result of advertising in export journals, this manufacturer received an order from Buenos Aires for two thousand dollars' worth of goods. The buyer stipulated that the merchandise was to be sent forward with draft attached to documents, which were to be delivered against the acceptance of the draft at 60 days' sight. It was the manufacturer's first export order, and he went immediately to his local bank for advice as to how the goods should be packed for export to Argentina and what railroad and shipping documents were needed, and above all how he was to get his money. The interior bank was able, through coöperation with its banking correspondent in New York, to obtain a quick report on the credit standing of the Argentine customer, which showed that he was a perfectly good credit risk. Information was also supplied as to packing and shipping, and the interior bank was able to aid its customer in financing the transaction.

CREATING LOCAL INTEREST

There are a number of ways in which the interior banker can foster interest in foreign trade in his community. One of the most effective methods is to obtain the support of the leading local newspaper. The editors of the progressive newspapers of our inland cities fully recognize the importance of foreign trade, but are frequently at a loss to obtain a sufficient amount of material to run a regular foreign trade department. Arrangements can be made for supplying newspaper features, as well as a continuous supply of foreign trade news. The local public library is another institution which can be utilized most effectively in foreign trade promotion. It should be supplied with a good selection of books on foreign commerce, foreign countries, and foreign travel, commercial geography, international law, tropical and subtropical and other imported commodities, atlases, books on shipping, on marine insurance and foreign exchange, international banking, and ports and harbors. The

local schools and the Y. M. C. A. can do similar work.

Most important of all, however, is the proper organization of the business men of the community. The Chamber of Commerce if it has not already done so, should form a foreign trade committee to make a survey of the foreign trade activities of its members. It should maintain an up-to-date list of all members doing an exporting or importing business, with full details of the commodities handled and of the foreign countries in which the members are interested. A foreign trade reference library should be installed in the local Chamber of Commerce, which should contain directories of foreign markets and directories and lists of American exporters, exporting manufacturers, dealers and commission houses. This reference library should receive regularly all the publications of the Bureau of Foreign and Domestic Commerce.

Direct contact should be established with the American commercial attaches and trade commissioners maintained by that bureau in foreign countries. Arrangements should be made to obtain regularly the foreign trade publications of the National Foreign Trade Council, the American Manufacturers Export Association, and of the large banks which specialize in foreign trade. Subscriptions should be made to the leading export trade journals. All this information can be obtained and classified for the use of local manufacturers with very little trouble and expense. Foreign visitors to this country should be encouraged to visit the local manufacturing plants. Another effective method of obtaining information direct from foreign sources is for the local Chamber of Commerce to arrange for the exchange of membership and services with American Chambers of Commerce in foreign countries.

THE IMPORTANCE OF FOREIGN TRADE

It cannot be too strongly emphasized that the interior banker has an important part to play in the development of our import trade, as well as that of our

exports. Our dependence upon other countries for foodstuffs and raw materials grows constantly greater with the increase in our population and the productive capacity of our industries.

In order to provide a sustained market for the surplus products of our manufacturers, we must have a regular and increasing supply of many commodities which are not produced within the confines of the United States, or which are produced in such small volume as to be entirely inadequate for our requirements. We must obtain manganese for our steel mills from Russia and South America. Our tanneries must have quebracho from Argentina; our automobile tire industry must obtain crude rubber from Brazil; our machine shops, rail mills, armored plate works, and wire rope factories must have nickel from Canada and New Caledonia; our tinsplate manufacturers must import their tin from the Malay Straits and from Bolivia; our silk factories must get their raw product from China and Japan; our clothing wools must be imported from Australia and Argentina; our manufacturers of twines, canvas, linens and laces must get their flax from Russia and Belgium; our burlap makers must get their jute from India; the sisal which is used to make our binder twine, which is so essential in the harvesting of our crops, must come from Yucatan. We must also import large quantities of coconut oil and other vegetable oils from the Dutch East Indies and from the Pacific isles; coffee from Brazil, tea from China, India, Japan and Java; cocoa from Venezuela, sugar from Cuba, rice from the Far East, spices from the East Indies, platinum from Colombia and vanadium from Peru.

The list could be made very much longer, but the above is sufficient to prove the dependence of many of our important industries on the raw products of other countries. The interior banker must be prepared to offer facilities to his importing clients who wish to buy these commodities in distant lands. He must be able to help the local importer to locate sources of raw materials, advise him regarding reliable



10,000 miles of private wires help make our National Investment Service to bankers unusually prompt.

foreign exporters and market conditions, and on how he may establish the necessary import credits through his relations with the international banker.

It cannot be too strongly emphasized that in the long run international trade must be to a large extent the exchange of goods for goods. In encouraging Europe and other countries to liquidate their debt to us in goods (for they cannot send us gold without further depreciating their inflated currencies), it does not mean that this debt can be liquidated only in articles of European origin. For example, Great Britain might offset her adverse trade balance with us on direct interchange of commodities by a debit balance owing by us on our imports of jute from India, wool from Australia, hides, skins and wool from South Africa, etc. A debit balance owing by the United States to Argentina for our imports of the raw products of that country could be offset against the balance due from Argentina

THE CANADIAN BANK OF COMMERCE

Head Office: Toronto

Sir EDMUND WALKER, C. V. O., L. L. D., D. C. L., President
Sir JOHN AIRD, Vice-President and General Manager

General Statement 30th November, 1920

LIABILITIES

To THE PUBLIC:

Notes of the Bank in circulation.....	\$ 30,716,914.68
Deposits	393,878,521.57
Balances due to other Banks and Banking Correspondents.....	11,432,819.06
Bills Payable	1,139,853.90
Acceptances under Letters of Credit.....	11,204,555.81
	<u>\$448,372,665.02</u>

To THE SHAREHOLDERS:

Dividends Unpaid	3,980.12
Dividend No. 135, at 12% per annum and bonus of 1% payable Dec. 1.	600,000.00
Capital Paid Up.....	\$15,000,000.00
Reserve	15,000,000.00
Undivided Profits	1,783,979.37
	<u>31,783,979.37</u>

\$480,760,624.51

ASSETS

Gold and Silver Coin on Hand and in Central Gold Re- serves	\$22,492,107.21
Dominion Notes on hand and in Central Gold Reserves..	45,388,710.25
	<u>\$67,880,817.46</u>
Notes and Cheques of other Banks.....	28,329,562.22
Balances due by other Banks and Banking Correspondents	11,290,655.29
	<u>39,620,217.51</u>
Dominion, Provincial, British, Foreign and Colonial Public Securities and Canadian Municipal Securities, not exceeding market value....	33,839,177.52
Railway and other Bonds, Debentures and Stocks, not exceeding market value	6,059,204.45
Call and Short Loans (not exceeding 30 days) in Canada and elsewhere on Bonds, Debentures and Stocks.....	55,709,778.08
Deposit with the Minister of Finance for the purposes of the Circula- tion Fund	908,245.56
	<u>\$204,017,440.58</u>
Other Current Loans and Discounts (less rebate of interest).....	\$257,977,999.46
Liabilities of Customers under Letters of Credit, as per contra.....	11,204,555.81
Overdue Debts (estimated loss provided for).....	147,916.91
Real Estate other than Bank Premises.....	514,901.50
Mortgages on Real Estate sold by the Bank.....	190,501.63
Bank Premises at cost, less amounts written off.....	6,617,095.06
Other Assets not included in the foregoing.....	90,213.56
	<u>\$480,760,624.51</u>

THIS BANK HAS OVER 530 BRANCHES

Including

PORTLAND, OREGON

SAN FRANCISCO, CALIF.

SEATTLE, WASH.

New York Agency, 16 Exchange Place

AGENTS—F. B. Francis, C. L. Foster, C. J. Stephenson

to England, and in turn by England against the United States.

HOW EXCHANGE WORKS AGAINST US

It is only by increasing their exports that Europe and Latin America can overcome the exchange handicap which makes it so difficult for them to buy American products. To illustrate how the exchange problem works to the disadvantage of the American exporter, take the case of an importer in Argentina who is in the market for American farming implements. The dollar is at a premium in Argentina as it is in all South American countries. The Argentine buyer, in converting his pesos into American dollars today, must pay a premium of about 25 per cent. over the normal rate of exchange. Under the circumstances it is quite likely that he will purchase British goods, because the exchange rate on the pound sterling is much more in his favor. This exchange handicap against American exporters will increase not only in Argentina but throughout the world if we continue to export at the recent high price levels without a corresponding increase in imports.

IMPORTANCE OF THE EDGE LAW

If our foreign trade is not to suffer through inadequate financing, we must give thought to some form of long-term credits in order to supplement the operations of the international banks and to make liquid the frozen long-term credit situation in foreign markets. To meet this situation the Edge Law was recently passed. This law gives us for the first time in our history a financial organization for the express purpose of assisting foreign trade through long-term investments. The original Federal Reserve Act authorized the establishment of branches by our national banks in foreign countries. The Edge Law goes one step further in providing for the formation of these foreign investment banks under Federal Charter. A most important provision of the Edge Law is that which permits corporations formed under its provisions to issue

Louisiana Banking Laws

The laws of Louisiana are based chiefly on the "Code Napoleon" or from the French Law.

The laws of other states are based on the Common Law of England.

For the convenience of banks and bankers of the country we have prepared a booklet on the new Louisiana Banking Laws passed by the General Assembly of 1920.

We shall be pleased to send you a copy upon request.

Hibernia
Bank & Trust Co.
New Orleans

their own notes and debentures for sale to investors.

The interior banker has here a very definite part to play in educating his community in the relation which our overseas commerce bears to domestic prosperity and in pointing out the desirability of such securities in order to make possible a continuous and increasing flow of foreign orders. The interior banker should be the point from which should radiate the facts and figures to show that the local manufacturer, the farmer and all their employees have a direct personal interest in maintaining our export trade in order to avert the slowing up of production, reduction of wages, and unemployment.

In order that the grain produced in the agricultural sections may be sold abroad and thus produce domestic prosperity, which in turn will increase local prosperity, the interior banker should



BANK of ATHENS

Paid-up Capital,

£1,920,000

[£1 = Drs. 25]

WITH its offices in all the principal towns in Greece, in Egypt, Cyprus, Crete, Constantinople and in Smyrna, the Bank extends **Exceptional Facilities for Export and Import Trade between Great Britain and the Near East generally**, and invites enquiries and correspondence relating thereto.

Head Office: ATHENS

LONDON OFFICE: 22, Fenchurch Street, E.C.3

MANCHESTER: Portico Building, 57, Mosley Street

spread far and wide the fact—supported by simple illustrations—that domestic prosperity is absolutely dependent upon the marketing abroad of the surplus of American products. The extension of export credits by Edge Law corporations will enable Europe to buy American wheat, rye, corn, meats, pelts, and wool as well as many classes of manufactured goods.

EVERY COMMUNITY DIRECTLY
INTERESTED IN FOREIGN TRADE

A recent analysis of the cargo carried by a United Fruit liner sailing from New Orleans to South American ports showed that practically every community in the United States, manufacturing or agricultural, had some part in the production of the cargo sent out in this steamer. Hardware factories in thousands of small towns are dependent upon our export trade. Agriculture is interested not only in the direct export farm products, but it has a very great interest in the export of manufactures

produced in America from farm products such as cotton goods and tobacco manufactures of all kinds. Breeders of pure bred stock are interested in the possibilities of South America. The fruit and vegetable growers, the poultry trade producers, the honey and nut producers, the dairymen and canners are all alive to the possibilities and seek information and assistance in the development of new markets.

The surplus of our agricultural products produced in the West is consumed by Europe, and thereby prices are sustained. Foreign trade is of great importance to the South because foreign countries consume 65 to 70 per cent. of our cotton. The products of the factories of the north and east are sold throughout the world, thus furnishing work and wealth for millions of people. In 1919 we exported eighteen million cases of canned milk, thirty-four million pounds of butter, fourteen million pounds of cheese, six and a half million bales of cotton and six hundred and eighty million yards of cotton cloth.

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . £105,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

It need hardly be pointed out that the success of our foreign trade depends to a greater extent upon the bank than upon any other single agency at the command of business. It has been truthfully said that the international bank of to-day is the outpost of busi-

ness, and the role of the interior bank is certainly equally important. Between them—the interior bank and the international bank—they must translate our business ways to the foreign buyer and seller and translate the ways of the foreign buyer and seller to us.



Foreign Credit Losses Small

IN a recent article in *Printers' Ink* Walter F. Wyman, sales and export manager of the Carter's Ink Company, brings out the fact that credit losses in foreign trade average considerably lower than domestic credit losses. This, it is brought out, is exactly contrary to the general belief of the novice in export trade. Mr. Wyman says:

There can be no doubt as to the actual facts. The Foreign Credit Conference of the Boston Export Round Table, with its thousand delegates, surprised the credit world by the frank and public statements

of leading exporters as to their exact credit losses. From the testimony of forty leaders who volunteered information it was established that foreign credit losses on branded American merchandise averaged from one-eighth to one-quarter of one per cent., an average from 20 to 75 per cent. less than their per cent. on domestic credit losses.

This merely confirms figures which had been for years known to the inner circle of grantors of credit abroad. This Foreign Credit Conference, held during the war, had for its underlying reason the bringing of a little-known truth to manufacturers who had hesitated to engage in foreign trade because of the dangers they felt surrounded it.

There are sound reasons why foreign

Increased Trade With France and Belgium



DURING the past year the trade of the United States with France was valued at \$1,017,240,405, and with Belgium at \$385,576,408, exports to the latter reaching double their value of 1918.

Our close relations with Lloyds and National Provincial Foreign Bank, Ltd., enable us to offer complete banking facilities throughout France and Belgium. Branches in Cairo and Alexandria, Egypt, throughout Morocco and West Africa. Special facilities for handling transactions in Tunis and Algeria.

The New York Agency invites inquiry

Bank of British West Africa

Head Office, London

New York Office—100 Beaver Street.

R. R. Appleby and Rowland Smith, Agents

Authorized Capital, \$20,000,000	Paid Up Capital, \$6,000,000
Subscribed Capital, 15,000,000	Reserve - - - 3,125,000

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed . . . Yen 100,000,000
 Capital paid up . . . Yen 100,000,000
 Reserve Fund . . . Yen 50,000,000



(\$0.50=1 Yen)

Branches and Agencies

Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
Bombay	Dairen	Hongkong	Lyons	Peking	Shimonoseki	Tokyo
Buenos Aires	Fengtien	Honolulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Sourabaya	Vladivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

Agencies in United States

New York San Francisco Los Angeles Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE - - 120 BROADWAY
 R. ICHINOMIYA, Agent

credit losses should average less for each dollar of sales than those domestic credit losses. One of the most powerful factors is the relative size of domestic and foreign customers. The smallest economical export shipment is forty cubic feet, or a ton by weight. This is far larger than the average domestic shipment, and therefore, an export order pre-supposes a larger buyer in the background. In this country in many lines any merchant who can order a hundred pounds of merchandise at a time is a welcome customer. In foreign trade the minimum economical shipment is twenty times as large. The average retailer in this country is in a position to buy direct from the average manufacturer. The average retailer

abroad is not large enough to be an importer of a ship's ton at a time.

This homely illustration makes clear the important fact that by necessity the average export transaction is of greater volume, and in consequence originates from a larger type of buyer than the average domestic transaction. The importer abroad who places an order with an American manufacturer and who desires the extension of credit realizes that he must, directly or indirectly, prove himself to be worthy of credit. The average merchant in the United States of similar size and importance takes his credit standing for granted and established by a symbol in the rating book of mercantile agencies.



Public Must Help Finance Foreign Trade

THE burden of financing foreign trade operations should rest not with the banks but ultimately with the public is the opinion of Steven de Csesznak, publisher of Export American Industries, the foreign organ of the National Association of Manufacturers. Mr. Csesznak says:

All well-informed financiers and manufacturers agree that a deciding factor in our prosperity henceforth is to be our foreign trade. Hitherto the United States has not been an exporting nation in the full sense of the word. It has rather peripatetically entered the world markets when there was a surplus over the domestic requirements. This surplus during the past decade has been growing larger and larger until to-

美國友華銀行

Above is
the "chop"
(trademark)
registered
in China by
Asia Banking
Corporation

A New Branch in the Orient—SINGAPORE

AT Singapore, the commercial trade center of Southern Asia and eighth largest seaport city in the world, this Corporation has just opened its ninth branch in the Far East.

The port, capital of the Crown Colony of the Straits Settlements, is free to ships of every nation, without charges on exports or imports. The imports in 1917 were valued in excess of \$300,000,000 and the exports about \$290,000,000. The total tonnage entered and cleared annually is more than 17,000,000 tons. Copper, tin, and tropical goods of all kinds make up the principal exports, while the imports are of a general nature.

The breadth and character of the banking facilities which the establishment of this newest foreign branch opens up for American and Far Eastern traders are significant of the changed order of world conditions.

It is, of course, a *complete* banking service that we render.

But over and above mere completeness, the service is *direct*—which means that the accurate and prompt negotiation of all transactions is made certain by never allowing the business in hand to get beyond the control of this Corporation.

We invite interviews or correspondence relative to trade with the Far East.

Branches in the Far East:

SHANGHAI

HANKOW
PEKING
TIENTSIN
CHANGSHA

HONGKONG
CANTON
MANILA
SINGAPORE

Asia Banking Corporation

Head Office:

35 Broadway New York

Capital \$4,000,000

Surplus and Undivided Profits \$2,300,279.57

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed	\$7,500,000 (£1,500,000)
Capital Paid-up	3,750,000 (£ 750,000)
Reserve Fund and Undivided Profits	3,928,970 (£ 785,794)

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

day we produce annually more than we are able to sell in the United States.

It is estimated that private interests in this country now hold approximately three billion dollars in various forms of securities for raw and manufactured materials which we have sold abroad. These securities have been absorbed by financial institutions as part of their regular banking function. The public, which, after all, is the great reservoir of wealth, has not directly participated in this operation. It is essential that from now on the public should participate in the financing of our foreign trade with the same degree of earnestness that characterizes it in meeting the needs of our domestic industries. The organization of foreign financing institutions must be undertaken on a broad and comprehensive basis and the securities of these institutions must be absorbed by the investor. It has been the willingness of the American investor, large and small, to purchase the securities of our great domestic industrial organizations that has made it possible for this country to advance so rapidly to its present position as a leader in manufactures.

This development, aside from the ability to obtain necessary funds for extension, was successful because there was here a market for everything that could be produced. The needs of that market have been met and passed by the production of this country. In order to provide employment for the people it is now necessary to produce more

than this nation can consume. Restriction of production means unemployment, and unemployment *per se* further decreases consumption. All the various elements of our great industrial enterprise realize this only too well. The Edge Law, which permits the organization of banks for the purpose of extending credit to foreign purchasers against authenticated documents, gives us the medium by which we can finance the development of our foreign trade as adequately as we have financed the development of our great domestic industries. Within a few weeks there will be organized under the auspices of the American Bankers Association a great foreign banking corporation, with approximately one hundred million dollars capital, capable of absorbing credits for foreign purchasers to the amount of one billion dollars. Debentures of this bank will be sold to the large and the small investor. With the successful formation and operation of this corporation a great practical step will have been taken in the scientific financing of this phase of our industrial life on which the further industrial development of this nation depends. The sale of its debentures will mark the participation of the investing public in the actual conduct of foreign trade and will aid in familiarizing it with the fact long since established in Europe, that securities based on foreign assets are as reliable as our own domestic issues.



Says Banks Handicap Foreign Trade

THE practice of some of the banks in demanding that when they purchase bills on certain non-European countries they be permitted to retain 25 to 50 per cent. as a margin was considered by William H. Douglas, in an address before the Chamber of Com-

merce of the State of New York, as practically preventing the carrying on of trade operations with countries outside of Europe. Mr. Douglas said in part:

It is well known to-day that manufacturers, merchants, exporters and commission

houses are not able to sell bills on Australasia, South and Central America, South and Central Africa, the West Indies, China, Japan and the Far East generally, so that practically we are debarred from doing business with all parts of the world except Europe.

The banks are demanding that if they buy a bill on any of these countries they be permitted to retain 25 to 50 per cent. as a margin, or, if that is not done and the bill is purchased, they ask for a fixed deposit

of practically the same amount. We were notified recently that no bills would be purchased on South Africa, except on a 50 per cent. margin to be retained by the banks.

How we are to change this condition I do not know, but I do not hesitate to say that the weakest link in the chain of co-operation in our export trade rests with the bankers. And it is not only the American banker but it is the foreign banker, too, who is demanding these terms.



Smaller Exports and Imports in November

DECREASED exports and imports in November, as compared with October of 1920 and November of 1919, are shown in a statement issued December 20, 1920, by the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

Exports in November amounted to \$675,000,000, against \$752,000,000 for October, 1920, and \$740,000,000 in November, 1919. For the eleven months ending with November, 1920, the exports were \$7,507,000,000, as compared with \$7,239,000,000 for the corresponding period the previous year.

November imports were valued at \$321,000,000, as compared with \$334,000,000 for October, 1920, and \$425,000,000 for November, 1919. For the eleven months period ending November, the imports were \$5,013,000,000,

against \$3,524,000,000 during the corresponding period of 1919.

Imports of gold during November amounted to \$57,000,000 and exceeded those of November, 1919, by \$54,000,000, but were \$60,000,000 less than those during October, of this year. Imports of gold during the eleven months ending November, 1920, were \$372,000,000, against \$64,000,000 for the corresponding period of 1919. November exports of gold were \$20,000,000, against \$26,000,000 for October, and for the eleven months period the gold exports were \$305,000,000 in 1920, and \$322,000,000 in 1919.

Imports of silver for November were \$5,000,000 and for the eleven months period were \$83,000,000. Silver exports amounted to \$3,000,000 during November, and to \$108,000,000 for the eleven months' period.



Must Keep Sacred Pledge of Confirmed Letter of Credit

THE recent heavy decline in prices has brought about a situation, according to Paul Warburg, in a recent address to the American Acceptance Council, wherein foreign buyers find themselves facing ruinous losses in the carrying out of contracts with American exporters. In some cases, in order to relieve this situation, Mr. Warburg said, foreign buyers are bringing pressure to bear on American banks to refuse to accept confirmed letters of credit

which had been issued for the purchaser's account.

Mr. Warburg said that in fairness to the foreign buyer it should be pointed out that in some cases they were themselves the victims of sharp practice on the part of foreign sellers, who had delayed or wilfully omitted shipping the goods while the trend of the market was in favor of the purchaser, but who were using every legitimate means to hurl the merchandise at the importer when

中法實業銀行

Banque Industrielle de Chine

Capital Subscribed . . .	Francs	150,000,000
Capital Paid Up . . .	"	75,000,000
Surplus and Reserves . .	"	70,000,000
Deposits	"	885,000,000

The Chinese Government owns one-third of the Capital

HEAD OFFICE: PARIS

Central Office, Far East: Peking

BRANCHES AND AGENCIES:

EUROPE	*Havre	INDO-CHINA	Halphong
Paris	Dunkirk	Saigon	Hanoi
Lyons	London		
Bordeaux	Antwerp	STRAITS SETTLEMENTS	
Marseilles	Rotterdam	Singapore	
CHINA	Hongkong	JAPAN	Yokohama
Peking	Swatow	SIBERIA	Vladivostok
Canton	Shanghai	MANCHURIA	Mukden
Foochow	Tientsin	UNITED STATES	New York
Hankow	Tsinanfu	EAST INDIES	Batavia
* In Formation	Yunnanfu		

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the contract had turned in favor of the shipper. Continuing, Mr. Warburg said:

"But even where fraudulent or sharp practices of this sort were unfairly indulged in by such shippers, this cannot be permitted to affect the sacred pledge embodied in a confirmed letter of credit, which must be respected in all and any circumstances, as long as the terms and conditions of the letter of credit are being observed under which the accepting bank had issued the credit, no matter what loss this may possibly involve for the customer.

"The fact may not be disregarded that there is a third and innocent party interested in the transaction, viz., the bank or firm that purchased the bill on the strength of the confirmed letter of credit; these bona fide purchasers must be protected at all hazards if the American dollar's acceptance is to gain or retain a position as a world's instrument of exchange of equal standing to the Sterling bill.

"A bank that dishonestly refuses to fulfill its obligation under such a contract because it or its clients might suffer a loss or because such customers bring pressure upon it to disregard its sacred pledges, or even try to inveigle inexperienced judges into granting injunctions, in order to prevent the bank from giving its acceptances, ought to be held up to public contempt, and any bank found to connive or indulge in such immoral practices ought soon to learn that its acceptances have become unsalable in our own market as well as in foreign lands."



Governors Favor Finance Corporation

AT the Governors' Conference, recently held at Harrisburg, Pa., a committee report was adopted urging the Federal Government to create a finance corporation which, through loans

to foreign countries, will permit export of American foodstuffs and other products to relieve the critical situation confronting American farmers. This section of the report read as follows:

Let the Federal Government create a finance corporation of some sort that will enable the people of other lands to obtain from us the commodities they so greatly need but for which they are not able to make immediate payment. We believe such a corporation to be entirely feasible, and that its mere creation would substantially help the situation.

Great Britain

GREAT BRITAIN'S TRADE BALANCE

Statistics received by the foreign information department of the Bankers Trust Company, of New York, indicate that Great Britain will probably have a favorable trade balance in 1920, exceeding the preliminary estimate of £180,000,000 made by the British Board of Trade. This estimate was based on trade returns for the first half of the year and calculations of the amount of "invisible exports" income to be derived from foreign investments, earnings from shipping and other services.

In working out its estimate the board allowed for an excess of merchandise imports in 1920, amounting to £240,000,000 in the first half of the year and £180,000,000 in the second half. The "invisible exports" for the year were reckoned at £600,000,000.

Actual trade returns show that the excess of imports over exports in the first six months was £261,000,000. With one month to go to complete the second half, the excess of imports therein has been only £88,160,681. This is almost £100,000,000 less than the Board of Trade estimate, which, however, also included an allowance for excess imports of gold and bullion.

British merchandise imports have been decreasing steadily since June. In November they amounted to £144,-

260,000, while exports were £132,470,000, an excess of imports over exports of £11,790,000. Allowing for the same amount of excess in December, the total excess for the year would be but £360,950,000, compared with £420,000,000 in the board's estimate. The difference between these amounts, less possible excess of gold and bullion imports, an amount not yet disclosed, would represent apparently a considerable improvement over the £180,000,000 net credit balance estimated for Great Britain.

GREAT BRITAIN REDUCES DEBT

Detailed statistics received by the foreign information department of the Bankers Trust Company, of New York, indicate that Great Britain has reduced her debt to other countries by £157,031,477, or more than 10 per cent. of the total amount outstanding, since March 31, 1919. Of the amount paid off, £86,136,000 represents the reduction between March 31, 1919, and March 31 of the present year. The balance of £70,000,000 was repaid in the seven months to the end of last October.

The amounts of the reduction by countries, so far as it has been possible to obtain the figures, are as follows:

BRITISH FOREIGN DEBT REDUCTION

Country in which payable	Approx. Amt. of Debt March 31, 1919	Net Decrease since March 31, 1919
United States	£1,037,333,000	£41,929,000
Canada	135,488,000	66,518,600
Japan	19,030,000	13,908,484
Argentina	19,200,000	10,093,363
Uruguay	4,600,000	1,146,000
Holland	3,350,000	2,607,000
Switzerland	3,349,000	3,349,000
Norway	12,487,000	12,487,000
Sweden	4,758,000	3,932,000
Spain	2,500,000	
Fiji	440,000	440,000
Straits Settlements	8,280,000	624,000
Mauritius	535,000	*3,000
Loans from certain Allied Governments	113,500,000	
	£1,364,850,000	£157,031,447

*Increase.

LLOYD GEORGE ON ECONOMY

According to cable dispatches from London, Premier Lloyd George had the following to say about Government and

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THERE are 6,449,998 farms in the United States. New York is the largest single market for the products of those farms. The Atlantic National Bank serves that market directly and is constantly in touch with it. This means accurate credit information, prompt handling of items and efficient service in other details intrusted to us.

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public economy, in a recent address to London business men:

Since the war there has been an orgy of expenditure. In this country, in France, in America, in fact in any of the shops and in any place where money is spent, they will tell you the same thing. "Let the Government set an example to the Nation," but let the Nation set an example to the Government is as vital. If we are going to build up our resources again there should be economy all around. I saw an appeal by the newly-elected President of the United States on that basis—a sound one, a sensible one—to the American people as head of the Government, and I make the same appeal to the people of this country.

ANOTHER BRITISH BANK AMALGAMATION

According to a special cable to the Journal of Commerce, the London County Westminster and Parr's Bank is

absorbing Beckett's Bank, which is one of the last of the important remaining private banks. It was established in 1750. Its capital is £600,000 and its deposits £1,075,000. Branches of Beckett's exist throughout Yorkshire.

LONDON TRADE WITH AUSTRALIA

According to a correspondent of the London Times, "much anxiety is being expressed in the city over the position of the export trade to Australia. At present business is being held up and orders canceled on a disquieting scale, because the Australian banks, while having plenty of funds in Australia, are to-day, and for the next four or five months will continue to be, short of funds in London for the purchase of documentary drafts. During the war the British Government was the sole purchaser of the primary products of Australia, such as wool, wheat, butter, cheese and meat, and the payment for

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Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

Head Office: Toronto, Canada

these commodities was a matter of official arrangement between the two governments. Wool, however, has been released from control since October 1, and the proceeds of the first free shipments now being made from Australia will not become available for the banks in London until the maturity of the drafts. There is thus a hiatus of at least four months which has to be got through somehow.

"In normal times the Australian banks would fill the gap by remittances of gold, but the Commonwealth Government, while understood to be selling gold for export on its own account, refuses to allow the banks to export it. This is all the more curious as the Commonwealth Bank in London, which is really a Government concern, holds large funds here on Commonwealth Government account and is lending them on short loans. The view taken in the city is that this money may be held here for the purpose of financing

the installments of the Australian Government's shipbuilding venture.

"Meanwhile the export trade to Australia is being strangled by the Commonwealth Government's embargo on the shipment of gold by the banks. Both the London Chamber of Commerce and the Australasian Merchants' Association in London have cabled to their opposite organizations in Australia within the last few days urging the withdrawal of the prohibition as the only way of relieving the present difficulties. The opinion is strongly expressed by leading financial houses and merchants in the city that the existing situation, under which the Australian banks are forbidden to bring to this side, where it is badly needed, the money that is lying idle in Australia, would never have arisen had the Commonwealth Government abandoned its trading activities and left commerce and finance unfettered in the hands of those who understand it."

Banking Service in the Far East

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France

FRENCH TRADE BALANCE APPROACHING NORMAL

Statistics of French trade for the first ten months of this year show a visible excess of imports over exports of only 58 per cent., whereas in 1913 the visible excess was in the neighborhood of 25 per cent.—a proportion formerly amply compensated in the nation's trade balance by foreign expenditure in France and interest on French investments abroad. When the figure of 58 per cent., arrived at by means of October trade returns, is compared with the corresponding figures for the six preceding years, the extent of the improvement is fully realized. The percentage of excess import values over export values for each of the years 1914 to 1920, was as follows:

1914	31 per cent.
1915	180 per cent.
1916	232 per cent.
1917	356 per cent.
1918	372 per cent.
1919	242 per cent.
1920 (ten months).....	58 per cent.

Exports for October alone increased 1,304,000,000 frs., as compared with the same month of 1919. while the month's imports for the first time since the war showed a decrease. This decrease, moreover, amounted to no less than 225,000,000 frs., bringing the improvement in the month's trade balance to 1,529,000,000 frs., as compared with October, 1919.

The following figures in millions of francs show how the trade balance for the first ten months of 1920 has been improved to the extent of nearly nine billion frs.:

	Jan. to Oct. 1919	Jan. to Oct. 1920	Increase
Exports ..	7,733	18,890	11,157
Imports ..	27,397	29,784	2,387
Improvements in trade balance..			8,770

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

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A general improvement in the internal industrial and agricultural situation may be gauged by the foregoing figures, particularly when it is noted that the increased exports are largely made up of manufactured articles, and the imports, of raw material. Imports of foodstuffs decreased by nearly a billion francs in the ten-month period, as compared with last year's equivalent.

SUCCESS OF FRENCH LOAN

The Bankers Trust Company, of New York, has received a special cablegram from its Paris correspondent giving unofficially, but from the best available figures, an estimate of the amount realized by the new French loan which places the subscription at from 30 to 33 billion francs.

This amount is more than twice the sum subscribed for the February loan and greatly exceeds the amount realized by any previous issue of Government securities. In addition to the enthusiastic response of the French public

to the loan appeal, it is reliably stated that several large foreign banks have received subscriptions exceeding by one-third to one-half the subscriptions obtained in February.

It is unnecessary to inquire deeply into the French financial situation to realize the importance of the success of the loan to France. On the basis of the 1920 budget and preliminary estimates for 1921, it was calculated that the amount required to meet deficits in the extraordinary budgets of both years (which include the amounts appropriated and contemplated against payments regarded as recoverable from Germany), would total 24 billions. The new loan has far exceeded this amount.

The success of the loan is to be made all the more effective by reductions in next year's budget. It is proposed to have no deficit in 1921. To this end a reduction of 2,670 million francs in the new estimates is contemplated.

An item of 5,498 million francs in the 1921 extraordinary budget repre-

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senting proposed expenditures regarded as unrecoverable through reparation payments from Germany pointed to a deficit. All but 2,870 millions of this item will, it is proposed, be taken care of from 1921 receipts, liquidation of war stocks and war profits tax, and the balance is to be eliminated, so far as possible, by budget changes.

In addressing the French Finance Minister, Mr. Marsal, on this subject, the Finance Commission of the Chamber of Deputies says:

"The Commission is resolved to authorize loans, with the exception of credits for necessary public works, only against sums recoverable from Germany, and has decided to reduce to the lowest possible limits the estimated deficit of 2,870 millions. The Commission does not wish any more than the Government to impose new taxes. Only during 1921 will we be able to judge the full effects of the fiscal laws voted last June. The burden imposed by these laws is too heavy for us to propose to

increase it while the country has not yet had available all its means of work and savings. Against this deficit there is then only one recourse, namely, economy."

With this item eliminated or considerably reduced, and proposed additional economies effected in the budget, it is then anticipated that the present loan, if returns at hand reliably indicate the total, will have the effect not only of providing, without additional taxation, the funds required by the Government through next year, but also of providing for a considerable reduction of fiduciary circulation and consolidating a large part of the State's floating debt.

In this respect it should be noted that note circulation, which exceeded thirty-eight billions on January 10, shows a tendency this year to remain stationary. It amounted to 38,573 millions on November 25. Within one month (October 28 to December 2) the Bank of France has been able to set aside for amortization of the State's



An Argentine-American bank, the Banco Mercantil y Agrícola de Buenos Aires, has been organized in cooperation with a prominent Argentine group.

The new bank will not only assist in cementing the ties of finance and trade of Argentina and the United States, but will also supplement and round out the services of our affiliated banks and branches in other parts of Latin America and Europe.

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CORRESPONDENCE IN ALL LANGUAGES INVITED

debt to the bank approximately eighty-six millions. This fund is expected to reach at least 800 million during the year.

REBUILDING FRENCH IRON AND STEEL INDUSTRIES

France is making progress in the rebuilding of her iron and steel industries. Reconstruction plans in these industries look far into the future, when France, through the return of Alsace Lorraine, will occupy a dominating position. Destroyed plants are therefore being rebuilt on a larger and more modern scale.

Damage wrought by the Germans in these industries is estimated at about 4,300,000,000 francs. Great difficulties are encountered in replacing machinery, practically all of which was either destroyed or stolen. Serious delays are also caused by lack of coke.

Official figures furnished by the Comite des Forges show that the monthly production in the devastated regions in 1913 was 278,000 tons of iron and 235,000 tons of steel, repre-

senting 64% of the total iron production of France, and 60% of her steel production.

In September, 1920, the total iron production in the Eastern part of France was 132,000 tons. The devastated regions furnished 100,000 tons of steel during the first ten months of 1920 which represent a great increase over 1919, when only 6,000 tons were produced.

FRENCH EXPORTS INCREASING

The market increase in French export figures for various classes of commodities is illustrated in the following table prepared by the French information department of the Bankers Trust Company, of New York.

Exports	1918 (Seven months) (in millions of francs)	1919 (Seven months)	1920 (Seven months)
Food products	260	528	1089
Metallurgical products	127	233	1249
Silk stuffs, etc.....	434	890	1356
Heavy Textiles	85	169	1060
Woolen and Cotton Textures	185	355	1057
Articles de Paris.....	258	514	1149
Chemical Products ..	251	263	985
Automobiles, etc.	74	147	848

Molding the prosperity of industries

WHEREVER swift machinery is needed to perform an intricate operation, industry looks to New England. It is quite natural that this section—the nation's greatest workshop—should also be the home of the builders of ingenious machinery.

Ample capital is vitally necessary to machinery manufacture. Many weeks must elapse between the first processes and the final marketing of the machine. Fine materials and super-workmanship entail heavy investment. Banking lends a very necessary support. The National Shawmut Bank is in the closest financial relationship to this industry.

To the machinery manufacturer, this bank offers full co-operation. Our world-wide organization guides and assists clients entering the new markets at home and abroad. Those who have business to transact with the New England machinery trade find our services equally valuable, as our clientele includes the leading firms throughout the industry.



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Russia

TRANSACTIONS WITH BOL-SHEVİK RUSSIA

The following announcement was issued by the Treasury Department on December 21, 1920:

"The Secretary of the Treasury and the Federal Reserve Board announce that, with the approval of the Department of State, and in order to give force and effect to the action of that department in removing restrictions in the way of trade and communication with Soviet Russia, as announced by that department on July 7, 1920, all rules and regulations restricting the exportation of coin, bullion and currency to that part of Russia now under the control of the so-called Bolshevik Government, or restricting dealings or exchange transactions in Russian rubles, or restricting transfers of credit or exchange transactions with that part of Russia now under the control of the so-called Bolshevik Government, have been suspended, effective December 18, 1920, until further notice."

Italy

ITALY'S FOREIGN TRADE

The world trade of Italy for the first seven months of 1920, shows total imports into Italy valued at 9,454,000,000 lire, a decrease of 631,000,000 lire compared with the same period in 1919; and total exports from Italy for the same period were 4,411,000,000 lire, which is an increase of 1,860,000,000 lire over the first seven months of last year. The United States furnished imports to Italy, out of the total, valued at nearly 3,000,000,000 lire; and the United Kingdom, imports to Italy to the extent of about 1,600,000,000 lire. The fore-

going figures are based upon the normal rate of exchange for the lire—\$0.193. While the Italian trade balance is showing steady improvement, the process is necessarily slow, just as is the situation with all the other countries whose exchange is at an abnormal discount in the United States.

The imports from Italy to the United States during September were valued slightly in excess of \$4,000,000, and for the nine months ended September, at about \$61,000,000; the imports from Italy to the United States for the corresponding periods of 1919 were valued at approximately \$11,500,000 and \$33,500,000, respectively. The exports from the United States to Italy were valued as follows: September, 1920, about \$29,500,000; September, 1919, about \$33,000,000; for the 9 months ended September, 1920, about \$277,000,000; for the 9 months ended September, 1919, about \$334,250,000.

Greece

BANQUE COMMERCIALE DE GRECE

The balance sheet of the Banque Commerciale de Grèce on October 31, 1920, was as follows:

ASSETS	
CASH ON HAND AND IN BANKS, DR.	43,937,538.00
DISCOUNTS	33,520,076.25
ADVANCES AGAINST COLLATERAL	46,510,131.60
BONDS, STOCKS OF COMPANIES	12,665,995.69
SECURITIES DEPOSITED	
ABROAD FOR THIRD PARTIES	864,695.00
MISCELLANEOUS ACCOUNTS..	2,497,613.93
DRAFTS FOR COLLECTION....	4,313,810.94
CORRESPONDENTS	13,812,441.90
REAL ESTATE, FURNITURE, ETC.	1,171,721.65
Dr.	159,294,024.96
LIABILITIES	
CAPITAL	Dr. 15,000,000.00
RESERVES	5,250,205.45
DEPOSITS	98,107,902.50
BILLS PAYABLE	7,100,562.70
ADVANCES AGAINST CONFIRMED CREDITS	2,076,467.44
MISCELLANEOUS ACCOUNTS..	6,637,749.72
ACCOUNTS PAYABLE	18,065,747.45
SECURITIES DEPOSITED	
ABROAD FOR CUSTOMERS...	864,695.00
AGENCIES	6,130,457.72
PROFIT AND LOSS ACCOUNT..	60,236.98
Dr.	159,294,024.96



70

Foreign Markets

THE BANCO NACIONAL ULTRAMARINO is an organization with 70 well equipped branches throughout the world, particularly in the Portuguese speaking countries. This closely knit organization renders every service in international banking and is the outgrowth of more than half a century of experience. These facilities are available through our New York Agency.

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Czecho-Slovakia

CZECHO-SLOVAKIA MAY RESTRICT IMPORTS

On account of the total lack of foreign exchanges the Foreign Trade Ministry of Czecho-Slovakia is planning to limit the volume of imports to bare necessities was the report made recently by a London financial paper. According to the report the limitation of imports is to remain in effect two months from date of ratification and to be applied principally on manufactured goods, non-essentials and luxuries. Raw and partially prepared materials are to be admitted in quantities absolutely necessary to preserve industry.

At the present time licenses are granted only for (a) raw materials and semi-manufactured articles required for the industries of the country; (b) foodstuffs, for which there is a shortage

in Czecho-Slovakia, and (c) manufactured articles and machines which cannot be produced within the country or which are not classed as luxuries. In order to obtain permit exporters to Czecho-Slovakia are required to quote prices and terms direct to the individual importing firms, which attend to the matter of applying for import licenses in connection with each separate order, the application being first examined by the industrial syndicate involved.

After being passed by the industrial syndicate the application then is referred to the Commission for Foreign Commerce, which takes into consideration the existing rate of exchange and the demand for the goods in question. Special consideration is given where the foreign exporter is willing to accept payment in Czecho-Slovakian commodities on a compensation basis or in foreign exchange in one or two years or in Czecho-Slovakian kronen to be left in the country for a certain period.

The special Ministry for Foreign Trade is a special body recently estab-

lished in Prague, and is not only charged with the centralization of the various departments but also has jurisdiction over separate branches of the trade. Among other things the Ministry is charged with the conclusion of commercial treaties with foreign governments and the execution of measures stabilizing the exchange value of the Czecho-Slovakian krone.

Its chief object however, is to co-ordinate the activities of the various bodies relating to foreign commerce in order to have one department of the Government responsible for all matters having any bearing on international commerce.

Poland

NEW POLISH BANK COMBINE

The American Polish Chamber of Commerce and Industry in the United States has made public the following from the Warsaw "Gazette" of October 13, 1920:

Nine of the leading Polish banks have formed a combination called "Lacznosc Bankow," in an effort to solve the banking problems of the new State and facilitate foreign trade. The extension of credits to commercial and industrial undertakings in Poland by Polish banks has assumed such large proportions as to be beyond the scope of individual banks.

Even in the present state of the Polish currency this union represents a powerful financial force in the country. The capital of the banks in this combination, without reserves, amounts to about 600,000,000 marks. The largest member is the Bank of the Co-operative Societies, which stands at the head of the Polish banking world.

In financing commercial undertakings the banks are taking into consideration the general economic needs of Poland as well as the merits of the particular enterprise.

The "Lacznosc Bankow" is especially interested in the development of agriculture in all phases. It is concerned in the agricultural implement industry, the food industry, sugar factories, breweries, starch factories, fruit products, exploitation of forests, the manufacture of machines and automobiles, chemicals, textiles, paper, printing, petroleum, and electrical enterprises.

The institutions which belong to the combination are the Co-operative Societies

Bank of Poznan; the Industrial Bank of Poznan; United Polish Territories Bank in Poznan; Poznan Credit Bank; Warsaw Land Bank; Co-operative Societies Bank of Warsaw; Poznan Land Bank; People's Bank of Inowroclaw; and Poznan Land-Owners' Bank.

Scandinavia

NORWAY'S CAMPAIGN FOR DECREASED CONSUMPTION

As one means of remedying her unfavorable trade balance and of raising the value of the krone abroad, an organized movement for decreased consumption has gained no little headway in Norway. The Christiania representative of the Liberty National Bank forwards the following account of this movement, prepared by an official of the "Association for Decreased Consumption":

"In the latter part of July of this year, Mr. Chr. Hansson, the president of two of the largest Norwegian insurance companies, and Mr. Richard Bjerkke, owner of one of the important color and paint businesses in the country, initiated a movement to induce the Norwegian people to reduce expenditure through voluntary efforts.

"Both of these leaders were strongly influenced by the example set by the United States in 1918, at the time when Herbert Hoover, through the Food Administration, planned and carried out a voluntary reduction of the country's consumption.

"Mr. Hansson and Mr. Bjerkke discussed their idea with the present Norwegian Prime Minister, Mr. Otto B. Halvorsen, who was very much interested. Important members of other political parties also joined the movement, and the result was an appeal to the Norwegian people, signed by some fifty representative men and women, published in September of this year.

"Among the signers are the Prime Minister, Mr. Otto B. Halvorsen, and four other members of the Cabinet, Mr. Gunnar Knudsen, Prime Minister dur-

National Bank of Commerce in New York

ESTABLISHED 1839

STATEMENT OF CONDITION DECEMBER 29, 1920

Resources		Liabilities	
Loans and Discounts.....	\$363,039,317.53	Capital Paid up.....	\$25,000,000.00
U. S. Victory Notes and Certificates of Indebtedness.....	2,678,179.53	Surplus.....	25,000,000.00
Other Bonds and Securities.....	8,892,850.58	Undivided Profits.....	8,519,838.42
U. S. Govt. Securities Borrowed.....	6,200,000.00	Deposits.....	362,844,972.00
Stock of Federal Reserve Bank.....	1,500,000.00	U. S. Government Securities Borrowed.....	6,200,000.00
Banking House.....	4,000,000.00	Bills Payable & Rediscounts with Federal Reserve Bank.....	72,425,150.00
Cash, Exchanges, and due from Federal Reserve Bank.....	113,656,159.26	Reserved for Taxes, etc....	3,929,095.93
Due from Banks and Bankers.....	14,944,991.64	Unearned Discount.....	3,666,107.26
Interest Accrued.....	427,792.97	Letters of Credit and Acceptances.....	43,716,841.08
Customers' Liability under Letters of Credit and Acceptances.....	39,712,713.18	Other Liabilities.....	3,750,000.00
	\$555,052,004.69		\$555,052,004.69



ing the war, Dr. Fridtjof Nansen, Mr. Rygg (Chief Director of Norges Bank), the Court Chamberlain, and others.

"Shortly afterwards a meeting was called in Christiania where Dr. Nansen and Mr. Halvorsen outlined the situation which would result if Norwegians did not immediately reduce their consumption both of articles of luxury and of necessities, thereby cutting down imports and enabling the country to increase exports. At this meeting the Association for Decreased Consumption was formed and the following pledges taken by its members:

"To limit purchases to strictly necessary articles.

"To postpone work which is not absolutely necessary.

"To live as simple an everyday life as possible.

"To limit purchases of imported goods, such as coal, coke, gasoline, wines, cigars and cigarettes.

"To restrict the use of foreign currency for trips abroad which are not strictly necessary, as well as for purchases in foreign countries.

"Propaganda regarding decreased consumption and more saving has been continually carried on since the Association was started, and the people are beginning to realize that it is a matter not only of economy in the home but in every business and factory in the country, as well as in the budgets of the Government and municipalities.

"In addition to the organization in Christiania, associations of a similar character have been formed in some ten other Norwegian cities and the Norwegian newspapers repeatedly argue for the economy campaign."

South Africa

SOUTH AFRICA FINANCES IN SOUND CONDITION

R. E. Saunders, New York agent for the National Bank of South Africa, has received a cable dispatch from the bank's head office in Pretoria, Transvaal,

Merchandise On Hand In Foreign Ports



Foreign Offices

GREAT BRITAIN

London
Liverpool
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Edinburgh
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FRANCE

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HOLLAND

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SCANDINAVIA

Copenhagen
Christiania
Stockholm
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Coblenz

SOUTH AMERICA

Buenos Aires
Montevideo
Valparaiso

THE ORIENT

Yokohama
Kobe
Hong Kong
Shanghai
Manila, P. I.

CANADA

Montreal
Toronto

Correspondents Everywhere

Non-acceptance of shipments by foreign buyers has left many American firms with merchandise on hand in foreign ports.

Without a representative on the spot it is often difficult for concerns to protect their interests properly, and the sending of a representative, if one is available, is expensive and sometimes inadvisable or impossible.

The Foreign Trade Department offers the facilities of the foreign offices of the American Express Company for adjustment with buyers, with probable saving of money and good-will for American shippers; the sale of on-hand merchandise at best price obtainable after investigation of market possibilities; transfer of such merchandise to another point, or for investigation and report of the actual facts to shipper for decision.

If your clients are in difficulties we shall be glad to have you consult the Foreign Trade Department for more complete information as to our facilities.

The International Banking, Shipping, Travel, and Foreign Trade service of the American Express Company places at the disposal of the local bank a highly organized SERVICE through which it can do a world-wide business without additional expense and with material profit.

For Thirty Years the American Express Company has been building up an international organization. To-day this great, modern American business organization is at the immediate disposal of the banker or merchant who needs assistance with merchandise on hand in foreign ports.

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Ninth and Locust Sts.,
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Chicago, Ill.

231 St. James St.,
Montreal, Canada

INTERNATIONAL BANKING, SHIPPING, TRAVEL AND FOREIGN TRADE

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

Tiflis - Banca Italo Caucasica di Sconto - Rome

Zara - Banca Dalmata di Sconto

OVER 132 BRANCHES AND AGENCIES IN ITALY

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Vito Celi
Vitaliano di Capua
Nullo Muratori

Attilio Reali
Ernesto Tucci
Emilio Wirz

Every Kind of Banking and Exchange Business Transacted

giving a resumé of the conditions in that country. The dispatch is as follows:

Business generally is very quiet, the position giving importers anxiety. The general opinion is that many dealers are overstocked and require cash to meet their bills. Many leading lines are being offered below landed cost, but even with this inducement difficulty is experienced in moving stocks.

A noteworthy fall in boots has occurred owing to the execution of large orders, and consequently buying from local factories is greatly restricted.

There have been heavy arrivals of soft goods, and from Rhodesia reports are to hand that wholesalers have recently purchased in the Union large quantities of goods, chiefly for native trade, below imported cost.

A reduction of about 10 per cent. in men's ready-made suits and sporting outfits has taken place.

Grocery and hardware merchants view the situation with some despondency, the direct cause of the falling

prices being the financial stringency and pressure exerted on retailers to curtail their credit requirements. Meanwhile oversea replacement quotations continue to rise, and therefore importers are not ordering, in fact, they have cancelled many indents by cable. The result will be a shortage in many lines after the lapse of some months, and it may happen that home manufacturers will be faced with a large accumulation of stocks of which they can only dispose by agreeing to reduce prices.

The local press gives prominence to a break in prices, but so far the consumer has received no apparent relief.

Bread is slightly cheaper owing to the decision of the Government to sell recently arrived Canadian flour on the open market.

Government has prohibited the further importation of wheat and flour except under permit of the Controller of Imports and Exports.

The iron and steel business is quiet and no improvement is looked for until the turn of the year, because Decem-

ber, like June, is a bad month, since the mines restrict purchases for the purpose of stocking. Three-quarter-inch galvanized piping has advanced from 9¼d per ft. to 10½d, and it is confidently expected that a good general rise in the piping and metal market will take place before the New Year.

The mines are calling for considerable quantities of 1-inch, 2-inch and 6-inch black piping additional to English thread. The corrugated iron market is practically glutted.

The electrical goods business is dull, stocks arriving freely. It is possible to obtain Continental stuff cheap, but prices of the latter are gradually increasing.

Petrol is dearer and the shortage is seriously affecting the motor industry. There is some agitation for a free market or for control to take the form of a percentage on landed cost.

A sub-committee of advisory boards of industry and science was recently appointed to investigate the local production of industrial alcohol, sources of supply, cost and analysis of raw materials, methods of fermentation and distillation, costs of production, and what forms of state encouragement, if any, are desirable. The motor show-rooms indicate heavy arrivals of American cars and dealers experience difficulty in disposing of stocks. The total cars imported during the nine months ended September number 7,283, value £2,000,000; lorries, 196, value £94,000; motorcycles, 2,521, value £200,000.

PRODUCE MARKETS

Wool.—Port Elizabeth buying is restricted and declining prices continue, but at East London there is better inquiry on a lower basis. A fair quantity of super-combings and natives has been sold. It has been decided to establish a municipal wool market in Bloemfontein, starting February next.

Mohair.—The market continues to be depressed in Port Elizabeth, some sales of average firsts have taken place at 12d to 13½d. Buyers wanted and obtained

winter hair at 6d. At East London, there were some small transactions in Basutos at 10d.

Hides and Skins.—Market weak.

Feathers.—Fairly large average assortments have been offered since last report. Good quality Whites and Feminas in demand: 18,620 pounds sold last four weeks, realized £29,539.

Quotations are:

	s.	d.		s.	d.
Good Whites.....	£6	15 0	to	£9	0 0
Ordinary	£4	0 0	to	£5	15 0
Super-Feminas ...	£5	0 0	to	£6	0 0
Common	£1	15 0	to	£2	10 0
Super-Spadonas ..	£1	0 0	to	£1	5 0

Maize.—Plentiful supplies, prices sharply declined since last report, and a further fall is anticipated. Quotations are:

Twos prompt, 17s; Sixes, 14s.

Wattle Bark.—Business lifeless, no shipments of any consequence.

Coal.—Durban position slightly improved, due to better railings; 137,190 tons bunkered and 59,241 exported from Union ports during September. Continued interest displayed in coal bearing properties in Natal, and Transvaal. Coal and land companies now offering shares for subscription.

Railways and harbors department is calling for tenders for the construction of concrete foundations for grain elevators in Cape Town and Durban.

Considerable unemployment of semi-skilled and unskilled labor in the earlier part of the month on the Rand. Registered men are gradually being absorbed on Government works, such as road and railway construction and forestry land settlement. At the coast many industrial workers are still unemployed.

British South Africa imports excluding Government imports for nine months ended September are £69,164,867, compared with £36,086,380 for similar period last year.

Apparel and Slops total £6,134,870, compared with £2,294,794.

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

(\$5=£)

Nominal Capital	\$12,500,000
Paid-up Capital	3,750,000
Reserve Capital	3,750,000
Subscribed Capital	7,500,000
Reserves	2,825,000
Surplus over Liabilities	10,325,000

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

	Total	Compared With
Cotton Manufactures	£8,489,800	£5,018,771
Food and Drink	10,654,482	3,144,052
Haberdashery and Millinery	1,597,188	922,262
Hardware and Cutlery	3,054,961	1,778,616
Rubber Manufactures (including tires)	1,127,422	422,334
Iron and Steel Manufactures (excluding machinery)	3,196,736	1,595,485
Machinery (excepting locomotives)	2,873,753	1,948,379
Woolen Manufactures	2,247,561	694,709

The proportion of British to foreign imports:

From United Kingdom, £38,112,535 or 55.1 per cent., compared with £15,720,100 or 43.6 per cent. last year.

Other British possessions, £8,364,023 or 12.1 per cent., compared with £5,446,035 or 15.1 per cent. last year.

Foreign countries, £22,688,309 or 32.8 per cent., compared with £14,920,245 or 41.3 per cent. last year, of which America furnished £11,326,761, or 16.4 per cent., compared with £9,341,059 or 25.9 per cent. Japan, £971,224 or 1.4 per cent., compared with £1,417,526 or 3.9 per cent. last year. Germany,

£545,361 compared with £16,994 last year.

Many pianos from Germany were recently landed. That country is underselling British makes and also entering the toy market.

Overseas cargoes landed at Union ports totalled £1,490,929 tons, compared with 890,359 tons, and shipped 2,018,859 tons, compared with 1,990,221.

Exports excluding raw gold, £35,691,897, compared with £34,914,934.

Gold, £29,223,828, compared with £42,562,884.

Diamonds, 1,614,236 carats. value,

£9,176,333, compared with 2,250,143 carats, value, £8,871,893.

Feathers, value, £398,045, compared with £1,157,646.

Coal, 964,790 tons, value £1,010,552, compared with 910,691 tons, value, £761,693.

Wool, £14,771,023, compared with £12,489,672.

Our exports which went to the British Empire were of a value of £54,084,897 or 79%.

Japan, £5,969,971 or 8.7%.

Cotton decrease 1,740,786 lbs.

Increases—Fibre, 17,014 lbs.

Strophanthus, 13,819 lbs.

Rubber, 84,554 lbs.

Acres of coffee and rubber show a declining tendency. The heavy drop in cotton production is due to greater popularity of tobacco, adverse climatic conditions, and reduced native production owing to influenza and threatened famine, causing energies to be devoted to food production.

Union Mineral output for October:

Gold	663,218	ounces, value.....	£2,817,171
Silver	77,465	ounces, value.....	19,211
Diamonds	185,833	carats, value.....	1,028,343
Coal	997,074	tons, value.....	412,420
Copper sales and shipments.	818	tons, value.....	20,923
Tin sales and shipments...	87	tons, value.....	15,492

America, 3,973,973 or 5.8%.

Rhodesia reports that business generally is good, the building trade brisk, farm values increased. British asbestos and chrome mines producing excellent asbestos.

Mica fields in Sinoia will be idle during the wet season.

Cotton cultivation is receiving considerable attention and it is expected that wheat will be grown in larger quantities in the future in those parts of the Beatrice and Marandellas districts. suitable for wheat cultivation.

Tobacco—Owing to the lateness of the rains the new crop is not in an advanced state.

Nyassaland Protectorate—Controller of Customs report for year ended March just issued, states the following:

Increased imports significant of opening up country.

Iron and steel, value, £13,488.

Agricultural machinery and implements, £21,170.

Other machinery, £8,392.

Total value of above items imported during year respectively, £31,396, £29,596 and £10,636.

Cotton manufacturers, £202,572.

Textiles, £19,950.

Vehicles (including cycles), £11,910.

Exports declined £75,654 from preceding year's figures.

Mining Labor:

Whites	35,409
Colored	247,341

Stock Exchange Market dull, turn-over only moderate, but forced liquidation evidently over for the time being.

Cuba

THE SITUATION IN CUBA

Latest reports from Cuba are by no means discouraging. In spite of the present crisis there have been few business failures. Collections at the Havana customhouse during the month of November amounted to \$4,372,026, surpassing the collections during the corresponding month a year ago by \$1,355,256, and exceeding any previous month's collections in the history of Havana. The sugar crop is reported as good and grinding will soon begin. Measures are being taken to handle the marketing of the new crop with more discretion than the last one. The tourist season is in full swing and it is estimated that this should bring at least fifty million dollars into the island. All

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(BANCO NACIONAL DE CUBA)

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JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents

C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18

Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island

2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

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Offers to Bankers and Merchants throughout the world,
unsurpassed service for facilitating trade with the
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ASSOCIATE BANK IN NEW YORK

BANK OF CUBA IN NEW YORK

34 WALL STREET

of these factors point to the essential solvency of the country and there seems to be no reason why normal conditions should not be restored by next spring.

Cuba's productiveness is so great and her recuperation will be so swift that a setback such as she is experiencing at present will hardly be perceptible a year hence. Cuba's prosperity is based upon the annual recurrence of her flood of wealth—sugar, a product which is indispensable and for which there is a universal demand. So long as Cuba has this rich crop to offer to the world each year she can never be really bankrupt.

One fact that has been learned by the present situation is the grave need for better wharf and warehouse facilities in Havana and also a more efficient custom service. During the height of the sugar boom the wharves and warehouses were so cluttered that it was impossible to load and unload ships so that the port was practically tied up. Another necessity is for better and additional railroad facilities.

Better banking legislation is also

needed. In fact a bill will probably be presented to Congress in the near future providing for the establishment of a clearing house with authority to issue emergency currency against collateral. The need for some sort of a central bank of issue is also being emphasized. It is possible that something similar to the Federal Reserve System may be instituted.

Albert Rathbone, former Assistant Secretary of the Treasury, has been chosen to serve as financial adviser to the Cuban Government. It is probable that the Cuban loan which is being contemplated by New York bankers will be postponed until after Mr. Rathbone has had an opportunity to investigate conditions and make a report.

Dr. Carlos Manuel de Cespedes, Cuban Minister to the United States, stated in a recent interview:

"Cuba is fundamentally sound. The present financial crisis was brought about by speculators similar to those who have been active in some other countries. There may be difficulties for

Cuba this year, but her best years are ahead. The United States, with its increasing population, will continue to demand larger and larger quantities of Cuban sugar at normal prices, and as the European countries reestablish themselves financially and economically they also will be larger markets for future supplies at prices which they can afford to pay under normal conditions."

South America

THE LATIN AMERICAN SITUATION

There is every reason to believe that the present Latin American situation is due to temporary influences which should in no way hinder the eventual development of stronger commercial relations between those countries and the United States, according to the Guaranty Trust Company's semi-monthly survey of international trade, "American Goods and Foreign Markets." South America's newly-acquired unfavorable trade balance with the United States, accompanied by a depreciation of her currency in relation to the dollar, has created a situation which is quick to reflect in this country, and which has been aggravated by the downward trend of United States commodity prices. The trade survey says, further:

Latin American countries, like practically all other countries in the world, are adjusting themselves to the changed conditions brought about by the war. Southern productive power is normal and South America possesses a wealth of natural resources for which there is a world-wide demand. Business men in the United States, therefore, cannot afford to divert their attention from this important market, even though present conditions may have occasioned some uneasiness.

Our trade relations with foreign countries can never be regarded as static or permanently stable. There are too many changing and powerful influences

—political, financial and commercial—that constantly affect them, both at home and abroad, for this to be possible. For the last three or four years our exporters have had an exceptionally favorable opportunity and position in South and Central American markets. This special advantage no longer exists, however, so far as most of them are concerned. Future trade must be won and held in open and keen competition with highly trained rival nations.

Superior service, exact knowledge of trade requirements, and strict compliance with them, wise policies in regard to credit terms, careful fulfillment of customers' instructions, and proper and skilful handling of orders will all be increasingly important. There can never be permanent success in this field for firms whose methods are slovenly or who are inconsiderate of their foreign clients. We have nothing whatever on which to base any belief that these markets will ever give us any special preference in their buying. In fact, by racial origin, customs and historical development, these countries are much more closely bound to the European nations, and we can overcome this handicap only by showing special skill and understanding in every detail of the handling of our trade relations with them.

During the year ended June 30, 1920, our trade with South America, imports and exports included, totalled \$1,351,888,479. The balance against us in South America was \$370,000,121. The adverse balance in Cuba was \$248,976,779. We had a small favorable balance, however, in Central America. It is thus plain that a special effort is required to strengthen our export position. That can be accomplished to-day only by the expert handling of this commerce.

A tremendous development is possible in these thinly settled and rich countries during the coming years. There are great areas almost untouched. Transportation waits on investment. There is a keen interest in the modernization of sanitation in the cities, and American companies already have done much in this field in Uruguay, Chile, Peru and elsewhere. Industries are in-

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CAPITAL (Authorized)	- - - - -	(\$5--£1.)
SUBSCRIBED CAPITAL	- - - - -	\$20,000,000
PAID-UP CAPITAL	- - - - -	15,000,000
RESERVE FUND	- - - - -	10,200,000
		10,500,000

DIRECTORS.

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Correspondents in all other places of importance in these South American Countries

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creasing in variety and number. There is urgent demand for capital which investors in the United States should be willing to supply in considerable part, as there is opportunity for direct profit and our investments there will also give a strong impetus to exports from the United States.

Exporters in the United States have often been accused by Latin American merchants of unwillingness to conform to the customary practices of financing in that part of the world. There is no doubt that many American firms have refused to consider orders unless the buyers were willing to agree upon payment before the goods should leave the United States. While this policy can be called an eminently safe one, so far as preventing losses is concerned, it is emphatically not the way to build up a permanent foreign trade. There is a great volume of such trade that can, safely and profitably, be transacted on terms much more tempting and satisfactory and, indeed, much fairer to the trustworthy foreign buyer, than on the

basis of cash prepayment or "cash against documents" at New York or some other port.

The exporter may with wisdom carefully study these other methods, and, while guarding himself against loss by a careful selection of the firms with which he deals, he should act on the suggestions of worthy foreign customers as far as practicable when they propose payment perhaps three or four months after the acceptance of a draft on them.

NICARAGUAN BOND ISSUE EXPLAINED

Brown Brothers & Co. and J. & W. Seligman & Co., bankers, who have been acting for the Nicaraguan Government, have announced the purposes for which the Congress of that country recently authorized the issuance of \$9,000,000 fifteen-year 7 per cent. sinking fund gold bonds.

It was not Nicaragua's intention, it was stated, to dispose of any of these bonds now. The issue was created to

Our Service to Banks and Bankers

COLLECTIONS: A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

LETTERS OF CREDIT: Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

TRAVELERS AND REPRESENTATIVES: When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

CREDIT INFORMATION: Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

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Foreign Department

Head Office, Havana, Cuba



THE NATIONAL BANK
OF THE
REPUBLIC
OF CHICAGO

is prepared to render
exceptional service in
exceptional times

RESOURCES \$41,000,000

enable that Government to deal with its fiscal problems as opportunity offered and as market conditions warranted. The purposes of the authorization were stated as follows:

"Refunding at some suitable time the external debt of Nicaragua held in England and on the Continent. This debt amounts to approximately £1,000,000.

"Second, refunding about \$1,450,000 Treasury bills to be issued for the acquisition by the Government of such stock of the Pacific Railways of Nicaragua as is held by interests other than the Government.

"Third, construction of a railroad to the Atlantic Coast."

PROPOSE BANK OF ISSUE FOR BRAZIL

According to a recent dispatch from Rio de Janeiro, creation of a bank of issue and rediscount is being urged in Brazil by newspapers representative of the business interests as a means of giving elasticity to the country's

credit system. It has been suggested that the Bank of Brazil be given rediscounting powers pending the creation of a special institution.

Such procedure, it is stated, would release the sum equivalent to about \$200,000,000 which banks throughout the country are now keeping in their own coffers. Pro-government newspapers state that this solution is being carefully studied by the president.

Periodical monetary crises in Brazil are said by business bodies to be largely due to the lack of elasticity in the credit system and to inadequacy of the present volume of circulating currency for the increased volume of trade.

The measure described has been suggested by Senators as a substitute for the project just passed by the Chamber of Deputies authorizing a further issue of paper money.

DISCUSS LOAN TO ARGENTINA

It is reported by cable that negotiations between Minister of Finance

Salaberry and a syndicate of New York bankers for a \$100,000,000 loan to Argentina are nearing completion. It is understood Argentina will use the proceeds to reduce the national debt.

At the same time the loan is expected to have the immediate effect of improving the exchange situation, which has virtually caused a suspension of the important trade from the United States, except in the case of vital necessities. There has been a drop of 10 points in the quotation on the American dollar during the past week, due to expectations that the loan in the United States will be consummated.

THE SITUATION IN SANTO DOMINGO

The Republic of Santo Domingo is on the threshold of a new economic life. With the aid of the United States, the country has washed its hands of shaky governments and the people are now being guided by new and modern methods of business.

This means that a great country, six times larger than Porto Rico and richer than Cuba in soil, takes its place among the dependable financial factors of the world. The progress to solvency and commercial wealth in Santo Domingo has put the little country in a unique financial position. The recent Second Pan-American Financial Conference declared the finances of Santo Domingo to be excellent.

In 1925 Santo Domingo will pay off its present bonded indebtedness, thirty-three years before due. Under sound financing the country has been made a going concern in less than four years, and is now ready to open its books for new financial business.

The country has enjoyed more commercial growth and gained greater financial stability in the past four years than in the previous four hundred years. Some idea of Santo Domingo's revolutionary industrial and commercial expansion can be gained from the fact that the country's foreign trade has increased from an annual volume of \$19,742,255 in 1913 to \$61,818,319 in 1920. More

than one-half of this business has been with the United States.

Although the full sugar producing capacity of Santo Domingo has scarcely been touched and new sugar plantations are now being installed, the sugar output last year was in excess of 184,878 tons. As evidence of the confidence the big sugar interests have in the country the biggest agricultural project in the world is now being installed in the Province of Barahena. The chocolate bean production is being standardized. The tobacco industry here, which has always had a ready European market, has larger possibilities than Porto Rico, owing to the greater area of the island.

The land ownership in the country will soon be fixed, thanks to the national survey and the land court recently established. The opening up of the interior by a system of roads will increase land values many fold. More than six hundred miles of these rural roads have already been constructed, increasing this form of transportation six times its former size. The government railroad has been newly equipped and port facilities increased.

Regarding the present status of the country, the Second Pan-American Financial Conference in session January 20, 1920, said:

"That the financial condition of the Dominican Republic, as result of currency reforms and the fiscal system, is excellent, and that the finances are established on a sound basis which will permit the further growth and development of the country."

The republic is about to take its place in the serious financial consideration of the world. The island is second to Cuba in size among the Antilles and is counted as one of the richest agricultural lands in the world.

Santo Domingo is now in the condition of a business that needs capital to bring it to its highest point of production and possibilities to win the profit of which it is potentially capable. The lack of no other element can check Santo Domingo from making great strides.

Now, brought out of the field of financial doubt as to its stability and

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.



Capital fully paid-up (\$0.50 = 1 peso) **6,750,000.00**

Reserve Funds **4,550,000.00**

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

future security, Santo Domingo may be given the consideration that a small but prospering nation merits.

Far East

THE SINO ITALIAN BANK

The above bank has recently been organized with its head office at Tientsin, the famous outlet for the North China trade. Branches are soon to be opened at Shanghai and Peking and later at Harbin and Hankow. This bank is organized under Italian law, but with equal participation of Chinese and Italian capital, the authorized capital being Chinese silver \$4,800,000 and Gold It. £16,000,000 and the paid-up capital Ch. S. \$1,200,000 and Gold It. £4,000,000.

A large participation of Italian cap-

ital has been taken by the Credito Italiano. Chinese participation has secured for the bank not only the connection with the Chinese financial and commercial world and the assistance of experts in local trade, but also the official recognition of the Chinese Government.

The bank will transact a general banking business, allowing interest on deposits, discounting and collecting bills, drafts, checks, etc., opening documentary credits, effecting telegraphic transfers, etc.

JAPAN HAS ADVERSE TRADE BALANCE

Japan will close the year of 1920 with a balance of trade against her of approximately 370,000,000 yen, the Department of Commerce has been informed recently by Commercial Attache Abbott at Tokyo.

The Department is advised that Japanese exports during November fell off 30,000,000 yen, while gold imports increased 7,000,000 yen. Imports of

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



merchandise amounted to 106,958,000 yen, an increase of 1 per cent. over October.

Figures on Japanese trade for the first eleven months of the year as compiled by the Department placed exports at 1,860,378,000 yen and imports at 226,985,000 yen.

NEW GENERAL MANAGER FOR PHILIPPINE NATIONAL BANK

E. W. Wilson, vice-president of the Anglo and London Paris National Bank of San Francisco, has been appointed general manager of the Philippine National Bank, whose head office is at Manila. Mr. Wilson has already left to assume the duties of his new post, for which he is exceptionally well qualified, having formerly been in the foreign service of the International Banking Corporation of whose San Francisco branch he was manager when elected vice-president of the Anglo and London Paris National Bank. To his thorough banking experience he unites a sound knowledge of principles gained through careful study. He is widely known and exceptionally popular.

The Philippine National Bank was established by act of the Insular Legislature on May 2, 1916. Not only is it a strong institution with resources ranking well among Oriental banks, but it is the fiscal agent of the Government of the Philippine Islands, holding the current resources of the latter and vested with a public quality not possessed by any purely private banking organization in the archipelago.

International Banking Notes

Sir Herbert Samuel, High Commissioner for Palestine, has informed the Palestine Advisory Council that he is negotiating with English, American and Egyptian financiers for the establishment of credit banks throughout Palestine, says a dispatch from Jerusalem. Sir Herbert added that he hoped to see these banks operating in the near future.

According to a dispatch from Manila the Chinese-American Bank of Commerce of Peking has announced the opening of a Manila branch and the amalgamation of the Harbin and Manila branches of the American Foreign Banking Corporation of New York with the Chinese-American Bank of Commerce.

The bank has a capital of \$10,000,000 subscribed by Americans and Chinese.

Joseph McCurrach, New York agent of the Banco Nacional Ultramarino, has announced that this institution has opened offices in Chaves and Regoa, Portugal, making a total of 30 offices in that country.

Robert Rumpf has been appointed treasurer, and J. Allen Palmer, assistant secretary, at the Paris office of the Guaranty Trust Company of New York.

The American Foreign Banking Corporation, 53 Broadway, has announced that it will open a branch in Mexico City, Mexico, on January 17th.

This will be the first American bank under the supervision of the Federal Re-

Aktiebolaget Svenska Handelsbanken

The Swedish Bank of Commerce

HEAD OFFICE: Stockholm

Cable Address: "HANDELSBANK"

Capital Paid Up Kr. 80,708,600

Reserve Kr. 100,268,609

Resources Kr. 1,501,601,560

With 254 branches throughout Sweden this bank is fully equipped to handle the Swedish business of American banks

serve Board to open in Mexico, and it will be prepared to handle all collections on that country, and give information on credits and other matters of financial interest to Americans.

The Royal Bank of Scotland has announced net profits for the year ending October 9, 1920, of £375,138. Out of these profits dividends at the rate of 10 per cent. per annum were paid and a bonus of 1 per cent. which, less income tax, amounted to £154,000. £20,000 was written off expenditure on bank buildings and heritable property; £30,000 was carried to pension reserve fund, and the balance £171,138 was applied to investments account. A balance of £1,082,276 was carried forward.

Ernesto Tornquist & Co., Ltd., of Buenos Aires, have announced net profits for the year ending June 30 last of Gold \$1,645,190 after making all deductions. Of this amount Gold \$82,274 was charged to the legal reserve fund; Gold \$900,000 was paid in dividends; Gold \$700,000 was charged to the extraordinary reserve fund and Gold \$81,654 was carried forward.

Total resources of the Skandinaviska Kreditaktiebolaget on November 30th last were Kr. 1,400,823,009.56. Deposits were Kr. 576,075,619. This bank's capital is Kr. 87,188,000 and its reserve fund is Kr. 94,812,000.

Net profits of the Western Australian Bank for the half-year ending September 27th last amounted to £32,055 which added to £38,506 carried forward from the previous half-year, makes a total of £70,562.

Out of this fund a dividend of £1 per share free of dividend duty was paid, amounting to £25,000, £25,000 was transferred to reserve fund and £20,562 was carried forward.

Gross profits of the London & River Plate Bank, Ltd., for the year ending September 30th last were £1,267,019 to which should be added £319,325 carried forward from last year, making a total of £1,586,344 which was appropriated as follows:

	£	s.	d.
To charges at head office and branches, including rent and taxes	732,204	5	2
To interim dividend	122,400	0	0
To balance carried down	731,740	1	5
	£1,586,344	6	7

The Banque Internationale de Commerce, the head office of which is in Paris, has opened a branch in Geneva, Switzerland at 6, Boulevard du Theatre. D. V. Jequier and L. Simmler are authorized to sign.

The Swiss Bank Corporation has opened a new office at Schaffhouse, Switzerland, where it has taken over the Bank of Schaffhouse, established in that city over 57 years ago.

The Commercial Bank of Scotland, Ltd., has announced net profits for the year to November 1st, 1920, of £302,039 to which should be added balance of profit from the previous year of £52,631. Of this sum £157,500 was paid in dividends; £100,000 was applied to account of depreciation of bank's investments; £25,000 was credited to officers' retiring allowances fund, and £20,000

was applied in reduction of the cost of the bank's properties. A balance of £52,171 was carried forward.

Net profits for the half-year ending June 30th last of the Industrial Bank of Japan, were Yen. 17,835,806,597, which were appropriated as follows:

To current expenses, interest, etc.	13,859,157.115
To depreciation on bonds, shares, and debentures; on bad and doubtful debts, etc. (A decrease of Y 82,054,280 as compared with the last term)	2,069,181.780
To reserve against loss....	153,000.000
To dividend equalization reserve	39,000.000
To dividends (8 per cent. per annum)	1,557,377.060
To remuneration to officers	70,000.000
To balance carried forward to next account.....	88,090.642
Total	17,835,806.597

The British Overseas Bank, Ltd., has announced profits for the year ending October 31st last of £199,744. Of this sum £39,015 was appropriated to the writing off of preliminary expenses, £69,241 was paid out in dividends, £10,000 was appropriated to establish a reserve fund against investments in foreign countries, £81,486 was carried forward to next year.

Profits for the half-year ending September 30th last of the Royal Bank of Australia, Ltd., were £55,230 after making a contribution of £5,000 to the fund for the benefit of the staff. Of this amount £25,000 was appropriated for a dividend at the rate of 10 per cent. per annum; £25,000 was transferred to reserve fund, and £5,230 was carried forward.

The Asia Banking Corporation of New York has opened a new branch at Singapore, the commercial trade center of Southern Asia and eighth largest seaport city in the world, this corporation has just opened its ninth branch in the Far East.

The port, capital of the Crown Colony of the Straits Settlements, is free to ships of every nation, without charges on exports or imports. The imports in 1917 were valued in excess of \$300,000,000 and the exports about \$290,000,000. The total tonnage entered and cleared annually is more than 17,000,000 tons. Copper, tin, and tropical goods of all kinds make up the principal exports, while the imports are of a general nature.

The Equitable Eastern Banking Corporation of New York will open a new branch in Shanghai, China.



Banking and Financial Industry

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

H. M. Webster & Company

25 West 43d Street, New York City

Public Accountants - Auditors - Production Engineers

Bank Audits and Systems

Income Tax Service

THE fundamental principles of modern accountancy are alike applicable to all forms of business, but their particular efficacy depends for the most part upon the individual knowledge and adaptability of their exponent. This company has had a singular experience solving the business problems of its clients, an experience that has developed an expert organization guided by progressive policies and sound financial judgment—the product of many years of successful practice. Its audits are conducted from the banker's viewpoints with all his requirements accurately met in its reports.

Telephone—Vanderbilt 1908

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown by the fact that we have been selected by the following banks among many others:

Hibernia Bank & Trust Company, New Orleans, La.
Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
First National Bank, Jersey City, N. J.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Head Office in the Far East at Shanghai

The Asia Banking Corporation

THE trend of American trading relations with China has undoubtedly been affected favorably, in a sentimental way, at least, by the recent consummation of the international consortium for the aid of that country.

And tangible effects of the growing interest which American firms are showing in relation to commerce with the Far East are reflected in the activities of the Asia Banking Corporation, which recently announced the establishment of another branch in the Orient—this time, at Singapore. The opening of this branch means that the Corporation now has nine branches in operation in the Orient.

The three-year-old history of the Asia Banking Corporation reads like a chapter from *The Arabian Nights*. In 1918, a group of American banking institu-



Changsha Branch



Main Banking Room, New York Office

tions, headed by the Guaranty Trust Company of New York, conceived the idea of establishing an American bank for furthering the interests of American firms in their commercial relations with the Far East. Accordingly, in May, 1918, William C. Lane and Ralph Daw-

son, vice-presidents of the Guaranty Trust Company of New York, left for the Orient for the purpose of establishing branches of the Corporation in China and other Far Eastern sections, and also for making a first-hand study of economic, industrial and financial



Officers' Section, New York Office

conditions in the Far East insofar as they affected American trading relations.

The head office in the Far East was opened for business at Shanghai on February 7th, 1919, and branches were established in rapid succession at Hankow, Peking, Tientsin, Hongkong, Manila, Canton and Changsha, the last on November 12, 1919—thus making eight branches in about nine months. The main office of the Corporation is at 35 Broadway, New York.

The bank is also correspondent in the Far East for the Alliance Bank of Simla and for Tata Industrial Bank of India, which has offices in Bombay, Calcutta, Lucknow, Cawnpore, Madras, Hyderabad (Deccan), and Rangoon.

Charles H. Sabin, president of the Guaranty Trust Company of New York, is president of the Corporation. And the directorate, which is made up, for the most part, of executives of the stockholding banks, is as follows: C. F. Adams, vice-president, First National Bank of Portland, Oregon; A. L. Aiken, president, National Shawmut Bank, Boston; M. F. Backus, president, Na-



CHARLES H. SABIN

President Asia Banking Corporation and
President Guaranty Trust Company
of New York



Interior of Shanghai Office



W. C. LANE

Vice-President Asia Banking Corporation



RALPH DAWSON

Vice-President Asia Banking Corporation

tional Bank of Commerce of Seattle, Washington; Albert Breton, vice-president, Guaranty Trust Company of New York; Thatcher M. Brown, director, Mercantile Bank of the Americas, New York; Ralph Dawson, vice-president, Guaranty Trust Company of New York; Captain Robert Dollar, San Francisco; Herbert Fleishhacker, president, Anglo & London Paris National Bank of San Francisco; J. A. House, president, Guardian Savings & Trust Company, Cleveland; William C. Lane, vice-president, Guaranty Trust Company of New York; Herbert L. Pratt, vice-president and treasurer, Standard Oil Company of New York; Seward Prosser, president, Bankers Trust Company, New York; Lansing P. Reed, of Stetson, Jennings and Russell, New York; Arthur Reynolds, vice-president, Continental and Commercial National Bank, Chicago; Charles H. Sabin, president, Guaranty Trust Company of New York; Fred I. Kent, vice-president, Bankers Trust Company, New York;

George Ed. Smith, president, Royal Typewriter Company, New York; Eugene W. Stetson, vice-president, Guaranty Trust Company of New York.

The Asia Banking Corporation, through its main office in New York, and through its branches in the Far East is well fitted to serve merchants, manufacturers, importers and exporters engaged in trade with China and all other sections of the Asiatic Continent, and through its direct and international correspondents and affiliations is prepared to offer its services for business with Europe, South and Central America, and other parts of the world in every need of foreign banking.

The service offered is direct, which is another way of saying that the Corporation, at every step, exercises close supervision over all transactions, thus assuring their accurate and prompt negotiation. The personal character of the service is another valuable factor, in that the Company's representatives in this



F. R. SANFORD, Jr.
Treasurer Asia Banking Corporation



R. A. SHAW
Secretary Asia Banking Corporation

counts in Taels, Mexican Dollars, Pesos, United States Gold Dollars, Sterling and Francs.

The Corporation issues commercial and travelers' letters of credit available

country and in the Far East occupy themselves with customers' transactions in a spirit of genuine personal interest.

The branches in the Orient pay interest on current, fixed and savings ac-



Officers and Staff of the Hankow Branch

throughout the Far East, and in all other parts of the world; buys, sells, negotiates or collects bills of exchange originating in the United States, China, and all over the world.

Credits may be established in this country and in the Orient for the purpose of financing shipments of merchandise, and the payment or transfer of funds between here and the Far East is effected by mail or cable.

An important feature of the Company's services is the furnishing of full information relative to the credit standing of corporations and firms in China

and other Asiatic countries, through the medium of the branches of the Corporation in the Orient.

The Corporation also conducts a research bureau which American traders with the Far East have found of much value. The Bureau aids exporters in establishing selling connections abroad; helps importers to locate the source of supply of raw materials and manufactured commodities; furnishes miscellaneous information relative to trade conditions and opportunities, and promotes, in other ways, trade with the Far East.



Cleveland's Big Bank Consolidation

THE Union Trust Company, Cleveland, which starts business January 1, 1921, with a paid-up capital and surplus exceeding \$33,000,000, resources exceeding \$310,000,000, and depositors numbering more than 220,000, is a consolidation of six strong banks each with a distinct record and tradition for the highest type of banking service. These banks are The Citizens Savings and Trust Company, The First National Bank, The Union Commerce National Bank, The First Trust and Savings Company, The Broadway Savings and Trust Company, and The Woodland Avenue Savings and Trust Company.

Following is an outline of the history of the consolidating banks given in the order named, and sketches of the business and banking careers of the presidents of the four largest consolidating banks. Also interesting figures on growth and condition of all the banks.

THE CITIZENS SAVINGS AND TRUST COMPANY

The Citizens Savings and Trust Company is the outgrowth of the consolidations which date back to 1868 with the formation of the Citizens Savings and Loan Association, although the bank

did not operate as the Citizens Savings and Trust Company until 1903.

The Citizens Savings and Loan Association began business August 1, 1868, in the Atwater building, later moving eastward to the Franklin Block, thence to the Wade building and in 1894 to the site on the Public Square now occupied by the Federal building. In 1901 it erected the building which now houses the Citizens Savings and Trust Company. The first president of the Citizens Savings and Trust Company was J. H. Wade, who served from 1868 until the time of his death in 1890. Mr. Wade was succeeded by H. B. Payne, who resigned the following year and was succeeded by W. S. Jones, who served until his death in 1893, when Frederick W. Pelton became president. Mr. Pelton served until his death in 1902 when D. Z. Norton became president. On February 3, 1903, when the Citizens Savings and Loan Association and the Savings and Trust Company were merged into the present Citizens Savings and Trust Company, Harrison R. Newcomb became president and served until the time of his death, when he was succeeded by D. Z. Norton, who served a second time as head of the institution until January, 1918, when

he was succeeded by Joseph R. Nutt, who has since held the presidency. April 22, 1903, the Citizens Savings and Trust Company merged with the American Trust Company, retaining the name, the Citizens Savings and Trust Company. The following year the Citizens Savings and Trust Company purchased the assets of the Prudential Trust Company, paying for them in stock of the Citizens. Prior to that the Prudential Trust Company had purchased the assets of the Caxton Savings and Banking Company. In May, 1908, the Citizens Savings and Trust Company purchased the assets of the Commercial Savings and Trust Company, formerly the Dime Savings and Banking Company. In 1918 it became affiliated with the Union Commerce National Bank. Together these two banks formed the largest banking unit in Ohio. In recent months the Citizens has entered the branch banking field, establishing an east side and west side office.

THE FIRST NATIONAL BANK

The First National Bank was founded on May 23, 1863, two days after the passage of the National Bank Act and always operated under Charter No. 7. It has held the distinction for many years of being the largest of the first seven national banks chartered and the largest national bank in Ohio. The leading spirit in its organization was George Worthington, a New York banker who had engaged in the hardware business in Cleveland in 1829. He served as president of the First National Bank until his death in 1871, when General James Barnett succeeded him, holding office until 1905. He was succeeded by John Sherwin, who has since been president. There have been several consolidations in the history of the First National Bank, the institution having acquired several banks that desired to liquidate or consolidate with a larger organization. These include the Euclid Avenue National Bank, which was organized in 1886 and which was later consolidated with the Park National Bank under the name of the Euclid-Park National Bank. The Park National Bank had been organized in



JOSEPH R. NUTT

President Citizens Savings and Trust Company
of Cleveland

1895 by John Sherwin and about five years later had absorbed the American Exchange National Bank, increasing its capital \$250,000 for that purpose. Shortly after the formation of the Euclid-Park National Bank, the State National Bank went into voluntary liquidation and its business was transferred to the Euclid-Park National Bank. Earlier in 1904 the Bankers National Bank liquidated and this business was also transferred to the Euclid-Park National which by this time had become the largest national bank in Cleveland. On May 1, 1905, the Euclid-Park and the First National were merged under the name of the First National. The First National had in 1903 increased its capital to \$1,000,000 in order to acquire the assets of the Coal and Iron National Bank, the first bank merged with the First National. At the time of the consolidation of the Euclid-Park National and First National in 1905, the Euclid-Park National had deposits amounting to \$14,000,000, while the



GEORGE A. COULTON
President Union Commerce National Bank
of Cleveland

First National deposits were \$7,000,000. John Sherwin, who was vice-president and executive manager of the Euclid-Park National Bank at the time of the consolidation became president of the First National. Since that date there have been no further consolidations nor mergers until the recent formation of the Union Trust Company. In 1908 the First National Bank moved into its magnificent home on Euclid Avenue near the Public Square, being one of the most attractive in the country.

THE UNION COMMERCE NATIONAL BANK

The name of this bank indicates its dual origin through the consolidation of the Union National Bank and the Bank of Commerce, National Association. This was effected as of February 2, 1918. The Union National had been organized in 1894 with Senator Mark A. Hanna as its first president. His death occurred in 1904 just preceding the merging of the Union Nation-

al and the Colonial National Banks in April 4th of that year, and he was succeeded by E. H. Baurne who was followed in that office by George H. Worthington. E. R. Fancher, now Governor of Federal Reserve Bank of Cleveland, succeeded Mr. Worthington and he was succeeded by George H. Coulton who became official head of the Union Commerce immediately following its consolidation with the Bank of Commerce, National Association and has been president since. The Bank of Commerce, National Association had its origin in the organization of the Bank of Commerce which opened its doors in 1853 with a capital of \$100,000. Eleven years later it surrendered its state charter and became the Second National Bank shortly after the First National was established. At the expiration of its charter in 1884, the Second National Bank became the National Bank of Commerce. In 1899 it was rechristened the Bank of Commerce, National Association when it consolidated with the Western Reserve National Bank which had been organized in 1892 with Colonel James Pickands as president. At the time of this merger James Garretson was president of the Bank of Commerce, following his death George S. Russell succeeded him and in 1918 became first vice-president of the Union Commerce National Bank, at the time of the consolidation of that date.

THE FIRST TRUST AND SAVINGS COMPANY

The First Trust and Savings Company was founded in May, 1913, as an affiliation of the First National Bank, its stock being owned by the stockholders of the First National Bank. John Sherwin, president of the First National, also became president of the First Trust. The growth of the trust company was remarkably rapid, especially in the field of corporate trust work.

THE BROADWAY SAVINGS AND TRUST COMPANY AND THE WOODLAND AVENUE SAVINGS AND TRUST COMPANY

The history of the Broadway Savings and Trust Company is unique in that it was the first neighborhood bank to be

established in any large city. This was in the spring of 1884. Three years later the Woodland Avenue Savings and Trust Company was started. These banks were organized by Oliver M. Stafford, vice-president of the Woodland Bank and president of the Cleveland Worsted Mills Company, with the assistance of Caesar A. Grasselli, now president of both institutions and chairman of the board of the Grasselli Chemical Company. These officers, together with J. C. Sanders, P. J. Slack, and others, have managed these neighborhood institutions with practically no change since their establishment. An active board of directors, which has suffered two losses by death, has served the banks from the beginning. Many of the customers are foreign-born or of foreign parentage. Both banks are strong institutions which have helped largely in developing their suburban districts. The Buckeye Road office of the Woodland Bank constitutes a further addition to the consolidation.

JOSEPH R. NUTT

Joseph R. Nutt, president of the Citizens Savings and Trust Company, at the time of its consolidation in the Union Trust Company, came into the banking field after a general business experience. In his earlier business life he was engaged in the manufacture of coke in connection with a company which is now the Frick Coke Company of Pittsburgh. From 1893 to 1897 he was engaged in the retail jewelry business in Akron, leaving this in 1897 to organize the Central Savings Bank of which he became treasurer. It was in 1901 that he left this bank and came to Cleveland to become secretary and treasurer of the Savings and Trust Company. In 1903 when the Savings and Trust consolidated with the Citizens Savings and Loan Association, forming the Citizens Savings and Trust Company, Mr. Nutt became secretary. He later became a vice-president and in January, 1918, was made president of the Citizens Savings and Trust Company and has served in that capacity ever since.

During Mr. Nutt's business and bank-



JOHN SHERWIN

President First National Bank and First Trust and Savings Company of Cleveland

ing experience he has taken an active interest and part in many business enterprises and although his work at the head of the Citizens Savings and Trust Company has necessitated his withdrawing from many other business interests, he has remained a director of the Quaker Oats Company, the White Motor Company, and a director and vice-president of the New York, Chicago and St. Louis Railroad.

GEORGE A. COULTON

George A. Coulton, who was president of the Union Commerce National Bank at the time of its consolidation in the Union Trust Company, commenced his banking experience in 1893 with the Euclid Avenue National Bank. In December, 1898, he assisted in the organization of the Colonial National Bank and became assistant cashier. Later he became cashier. In April, 1904, the Colonial National consolidated

with the Union National and Mr. Coulton was elected president of the Union National in 1914. At the time of the consolidation of the Union National with the Bank of Commerce, National Association in February, 1918, Mr. Coulton became president of the Union Commerce National Bank, and acted in that capacity until the formation of the Union Trust Company.

While Mr. Coulton's banking career has been a very active one and his time has been devoted largely to the interests of his bank work, his counsel and co-operation have been sought in the interest of many local business enterprises. He is president of the Clearing House Association of Cleveland and a director in a number of leading industrial corporations.

JOHN SHERWIN

John Sherwin, president of the First National Bank and the First Trust and Savings Company, at the time of the formation of the Union Trust Company, started his bank experience with the National City Bank in 1885. Three years later he became cashier of the First National Bank at Ellwood City, Pennsylvania. In 1895, he returned to Cleveland to organize the Park National Bank and became its cashier. In 1903, when the Park National and Euclid Avenue National consolidated, forming the Euclid-Park National, Mr.

Sherwin became vice-president and executive manager. In 1905, the Euclid-Park National consolidated with the First National and Mr. Sherwin became president.

Mr. Sherwin has always been very active in the direction of his banks. It is largely through his efforts that the First National Bank attained such a strong and broadly recognized position among banks and bankers the country over. At the time of its consolidation in the Union Trust Company, the First National Bank was undoubtedly better known and more actively associated with big banks of the East than any other financial institution of this section. Mr. Sherwin is a member of the executive committees of the American Foreign Banking Corporation of New York and the Foreign Bond and Share Corporation of New York, also a director of the American Surety Company of New York.

Notwithstanding his close application to his bank work, Mr. Sherwin has become associated as director or officer in many of this community's most substantial business concerns. He is a member of the executive committee of the Otis Steel Company, Valley Mold and Iron Corporation, the Kelly Island Lime and Transport Company; president of the Wigmore Realty Company and the Euclid-Square Company, and a director in many leading companies.

ASSETS AND LIABILITIES OF BANKS INCLUDED IN UNION TRUST COMPANY MERGER

(Statements as of November 15, 1920.)

	Union Commerce	Citizens Savings	First National	First Trust	Broadway Savings	Woodland Savings	Total
Capital stock.....	\$4,000,000	\$4,000,000	\$2,500,000	\$1,250,000	\$300,000	\$350,000	\$12,400,000
Surplus and undivided profits	4,663,386	5,884,031	4,829,052	1,615,158	806,472	743,039	18,541,118
Loans and disc'ts..	58,257,964	45,438,012	*65,790,580	16,783,594	12,216,966	13,668,685	212,155,801
Deposits	58,162,238	67,398,706	72,240,072	25,613,875	13,991,906	15,282,862	252,689,659
Total resources....	86,599,088	77,548,737	97,500,108	29,222,527	15,387,488	16,443,833	\$22,701,781

*Including investments.

GROWTH OF DEPOSITS OF SIX CONSOLIDATED BANKS IN THE LAST DECADE IS CLEARLY SHOWN
BY COMPARING TOTALS AS OF NOVEMBER 15, 1920, DECEMBER 31, 1915
AND JANUARY 7, 1911, AS FOLLOWS:

	Nov. 15, 1920	Dec. 31, 1915	Jan. 7, 1911
Union Commerce	\$58,162,238	*\$36,538,377	*\$25,809,335
Citizens	67,398,706	56,813,056	40,600,319
First National	72,240,072	46,335,144	28,186,209
First Trust	25,613,875	13,290,067	
Broadway	13,991,906	7,257,221	4,944,329
Woodland	15,282,862	5,969,263	3,998,732
Total	\$262,689,659	\$166,203,128	\$103,638,924

*Bank of Commerce N. A. and Union National Bank combined.

Banking and Financial Notes

SPECIAL

The BANKERS
MAGAZINE

SECTION

THE UNION TRUST COMPANY

CLEVELAND

The merger of The Citizens Savings and Trust Company, The First National Bank, The Union Commerce National Bank, The First Trust and Savings Company, The Broadway Savings and Trust Company and the Woodland Avenue Savings and Trust Company into THE UNION TRUST COMPANY gives to Cleveland one of the largest banks in the United States with resources exceeding \$310,000,000 and paid in capital and surplus exceeding \$33,000,000.

Effective January 1, 1921

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THE FIRST INSURANCE COMPANY IN NEW YORK

PROPERTY holders in New York City who, in 1787, nailed up on the doors of their houses the licenses that announced their fire insurance policies in the newly formed Mutual Assurance Company of New York, felt a warranted confidence indeed. Its founders were in part that same group of sound, representative merchants who later, in 1799, were to found the Bank of the Manhattan Company. One finds in the directorate of the Insurance Company, over a long period of years, nearly a score of the original stockholders of the Bank, as well as men like John B. Coles, William Edgar, David Gelston, Thomas Hammersley, William Laight, and Thomas Suffern, who were active in the Bank's directorate. Today, men place their confidence in the Bank, not only because of the representative business men at the helm, but also because of its large, accumulated resources and its unbroken record of 122 years' constructive service.

BANK of the MANHATTAN COMPANY

ESTABLISHED 1799

40 WALL STREET

Capital \$5,000,000. Surplus and Undivided Profits \$16,146,494.20

UPTOWN OFFICE:—31 Union Square, New York

QUEENS BOROUGH OFFICES:—Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Woodhaven, Ridgewood, Fresh Pond

BROOKLYN OFFICES:—St. John's Place and Cypress Hills

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

A SURVEY of the year 1920 is contained in the following annual statement to the press issued by James B. Forgan, chairman of the board of directors of the First National Bank of Chicago and the First Trust and Savings Bank:

The year 1919 was still under the influence of the boom created by the Great War, while the present year marked a reaction. This reaction set in during the spring and it has not run its course even now and is not likely to do so for a few more months to come. On the whole, it was to be expected, but in prosperous times business men rarely regard the warnings of those who point out the weakness of the existing situation but act as if there never could be a change for the worse. It is a well known fact that with a rising market buying increases and decreases with a falling market. The result of all this has been that business failures, which, as I stated last year, had been few and unimportant for some years, have increased and are likely to continue to increase. Those undertakings which owed their existence merely to the artificial stimulus of the War and intrinsically lacked those qualities and attributes necessary for sound and conservative progress are now paying the penalty for their deficiencies. The failures so far have been those of the weaker concerns whose absence the business world need not regret.

The immediate cause of the decline in prices which has brought on the present sharp business depression was undoubtedly due to the action of the Federal Reserve Banks in increasing their discount rates, but it must always be noted that without such action we should have had continued inflation, which unquestionably would have finally brought on not a business depression such as we are now facing and which in many respects resembles the one following 1907, but in all probability we should have had a catastrophe such as followed the years 1873 and 1893. The danger at present is due chiefly to the international situation. Europe, it is estimated, owes this country on open book account roughly four billions of dollars, as a result of which farmers, manufacturers, merchants and bankers are finding it difficult to liquidate in a manner such as ought to take place at the present time. The demoralization of the foreign exchange market which I noted last year is continuing, and there does not appear any immediate prospect of relief.

An important conference was held in Chicago on December 10 and 11 in order to establish a corporation with a capital of \$100,000,000 to operate under the so-called Edge Act and thus aid in relieving the situation. While this conference was on the whole a successful one and there was left no doubt that the best opinion of the financial community believed that aid should be extended to the rest of the world in order to rehabilitate international trade, still it is necessary to warn against undue optimism. In the first place, no financial corporation organized in this country will be a panacea for all the evils now afflicting Europe and some other parts of the world. There can be no complete return to normal conditions until many of the manifestations of the social unrest now existing disappear, and the world as a whole learns that the only final cure for its present ailments is work. Furthermore, a corporation with a capital of \$100,000,000 is not to be organized overnight. Careful plans must be drawn up as regards many details, and a management which will inspire confidence must be found. Otherwise neither banks nor other business enterprises will intrust their funds to such a corporation. It need hardly be pointed out that men capable of directing an enterprise as huge as the one planned are not easily found; they are not likely to be idle at the present time and among those seeking new positions.

In our own country crops of nearly all kinds have been unusually large and good in quality. In fact, the crops have been so large and the rest of the world has had such difficulty in paying us for what they require of our surplus that the prices of agricultural products have been unduly depressed and the farmers and cattlemen of the country have been complaining bitterly and appealing to the banks for aid and assistance. It is to be noted that on the whole the banks have done all that could be expected of them to aid this most important section of the community, but, after all, the mercantile part of the industrial world has had to take losses, and where the management has been a safe and sound one proper reserves were set up during the prosperous years, out of which the present losses are being paid. Fundamentally, the farmers are in no different position than manufacturers and merchants, and where they have been wise and have saved something out of their large earnings of recent years they are not now in difficulty. In regard to one of the branches of agricultural production, special efforts have been made

to save the situation. I refer to the cattle industry. Breeders of cattle, especially those of our Northwest, have suffered very greatly in recent years owing to long continued drought, so that if relief were not extended there would be real danger that the herds would be depleted to such an extent that the loss might never be made good, certainly not within any reasonable time. A corporation was therefore formed with headquarters in Chicago which is now extending credit to cattlemen where needed and deserved.

As last year, the demand for bank credit has remained steady and strong and discount rates have ruled high. As a result, banks have had an opportunity to make large profits, but these have been somewhat offset by the business failures to which I have referred. Banks will serve their own interest best, and that of the country and of the world, if they continue to watch the situation closely and wherever possible urge their customers to liquidate so that credit again may become fluid and be made available to serve the necessary expansion of production here and abroad.

There is no reason whatsoever to despair at the present time. The world has received a severe shock but not one from which there can be no recovery. Fundamentally, surface appearances to the contrary notwithstanding, conditions all over the world have shown progress and are likely to continue to do so. The year 1921 promises to be a year of steady though possibly very slow improvement.

DURATION OF READJUSTMENT

Some speculations on the possible duration of the present period of readjustment are contained in the following from the January letter of the Alexander Hamilton Institute:

A period of readjustment in prices such as began last spring is ordinarily completed in less than a year. High priced goods can usually be replaced by low priced goods in twelve months. But perhaps the present period of readjustment will not be completed as promptly as that following the panic of 1907 because liquidation of wages and retail prices must be more extensive and the problems involved are bigger and more difficult of solution. In 1908, financial recuperation was speedy because there was an abundance of capital and credit in Europe and the crisis in Wall Street was quickly relieved by an influx of funds from abroad. In 1921, however, we shall have to "pull ourselves out by our own boot straps." We can expect no relief from Europe, but on the contrary may well expect to advance further credit abroad.

A conspicuous obstacle to speedy recovery

in the present outlook is the fact that the farmers have become overburdened with debt and will require some time to pay out. Senator Gronna, of North Dakota, believing the crisis among the farmers due to insufficient credit from the banks, recently called upon the Reserve Board to furnish a statement of all the agricultural loans made during the past year. The report was quite startling. It showed that the Reserve Banks in 1919 had loaned \$713,000,000 on agricultural and livestock paper, but that during the first eleven months of 1920 they had loaned the huge sum of \$1,980,000,000. There was an increase from \$102,000,000 to \$325,000,000 at Richmond, from \$75,000,000 to \$225,000,000 at Minneapolis, and from \$220,000,000 to \$665,000,000 at the St. Louis Reserve Bank.

The prospects for recovery are also discussed in the monthly letter of the National City Bank of New York, as follows:

The answer to the question, when will recovery come, is that it will come when everybody gets ready to do his part in the readjustment. When everybody gets over thinking that he can enjoy low prices at the expense of others and high wages or high prices for himself, the situation will begin to improve. But the economic law will not be deceived or trifled with. The situation is going to mark time until there is general recognition of the fundamental condition of prosperity. Industry must be brought back into balance.

We should repeat that the greatest opportunity for starting industrial activity is in construction work, and particularly in housebuilding. Every city and town needs houses, but here, as everywhere, the essential condition is faced. Costs must come down far enough to protect the investment. People will not build houses, any more than they will make goods, or grow crops, unless costs come down to a point where they believe the product will be worth what they have expended upon it. If they think houses will be cheaper to build next year than this year they will not build this year. Periods of depression last until such questions are settled. When there is a consensus of opinion that prices have fallen about as low as they will fall, and when in each industry they seem to be in line with prevailing prices in other industries, conditions are right for the forward movement. When the forward movement is started, a general advance is likely to take place as sentiment changes and demand in all lines improve, but the general decline is necessary to restore confidence.

NEW HOMES

The housing problem which is particularly acute at the present time is

The Chemical National Bank of New York

FOUNDED 1824

Capital	\$ 4,500,000
Surplus and Profits	15,000,000
Total Resources over	200,000,000

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	Ridley Watts	

discussed as follows in the December letter of the National State and City Bank of Richmond, Va.:

Home-owning is a sure cure for Bolshevism and industrial unrest. Federal aid may be asked to provide 700,000 or more new houses, which are badly needed in this country. Nearly one-fifth of the population, according to the chairman of the Senate committee which has been investigating the housing problem, are improperly housed and, owing to the high cost of labor and building, new construction work has been held back and the shortage is not being made good. Community building projects are being successfully conducted in some states, but the problem is nation-wide and calls for intelligent leadership and large investments. Congress will be asked to consider the problem in all its phases so that an adequate solution may be possible without delay. The difficulty of securing houses, or apartments, even at high rentals, is blamed for the spread of crime in the large cities and the increased hardships suffered by children. A 37 per cent. decline was shown in new buildings contracted for in October, the full expenditures for which are likely to be just about half the year's high record established last April.

DIFFUSION OF CREDIT RISKS

B. M. Anderson, the economist of the Chase National Bank of New York, has the following to say about diversifying credit risks in the December number of *The Chase Economic Bulletin*.

Business men generally seek to diversify their credit risks as much as possible, and to avoid giving too much credit to any particular customer. They prefer, when possible, a geographical distribution of sales which will prevent them from being too much dependent on local conditions in any given place. A good credit man feels far better when his "receivables" consist of a large number of well scattered items, of moderate size. This is strikingly true of banks. The general theory of commercial banking rests on the principle of the diffusion of risks. Large city banks, particularly, scatter their risks among many industries and among many different sections of the country. They seek to have their customers so diversified that not all will be borrowing heavily at the same time of the year, and in many other ways they diversify their business. This is not always possible for smaller banks in localities given up pre-

dominantly to a particular line of business, but even these banks have learned to scatter their risks by placing part of their funds in commercial paper bought outside their own community.

Further, banks diversify their risks by the very general practice of having every business of important size deal with a number of banks rather than exclusively with one. Of course, the very largest businesses would find one bank inadequate. Under both Federal and State bank laws in the United States, banking institutions are generally limited to a certain percentage of their capital and surplus in the loans which they may make to a single enterprise, and the largest businesses, therefore, necessarily deal with more than one bank. But in their own interests, banks generally go much farther than this. Thus, a bank which might lend as much as five million dollars to a single customer, may well prefer that a customer whose aggregate bank borrowings do not exceed \$800,000, should borrow, say, \$200,000 from each of four banks rather than \$800,000 from one. This has been true, also, of most of the acceptance credits which have been granted. Several banks have participated in them. An acceptance credit of half a million dollars is often distributed among several banks any one of which could easily have taken care of a much greater amount.

The same thing is, of course, especially true of the "commercial paper," so called, which many business houses have sold in the open market through brokers. The commercial paper of a given large house is usually held in moderate amounts by a good many different banks.

RETAIL TRADE

That a great deal of the criticism of the retailer has been unwarranted is the opinion of the First National Bank of Boston, which says in a recent letter:

Criticism, much of it unwarranted, has in recent months been leveled at the retailer, who has been viewed by the consumer as the **last barrier between him** and lower costs of living, and who has been rated by the manufacturer and wholesaler as the final obstructionist to a renewal of the free flow of merchandise. Figures show that in the period of rising costs, retail prices lagged in point of time behind advances in raw materials and manufactured goods, and the percentages of increase were much smaller. In a falling market, as at present, retail prices usually and naturally follow in the decline. In the last sixty days, a drastic downward revision of retail prices has been taking place in all lines. These reductions have been accomplished in the main without "price-cutting" announcements, but simply with statements of values—values which the

consumer has recognized as genuine and which have stimulated sales markedly. The consumer, generally speaking, is being given the benefit of the lower prices at which the retailer is restocking, and the holiday trade, so far as volume was concerned, was satisfactory; in fact, nearly equal to last year. The profits as a rule are very much lower than usual owing to these lower prices, and it is difficult to find any foundation for charges of profiteering.

The National Bank of the Republic of Chicago, however, thinks that retail liquidation has only just begun and considers it a good augury for an early resumption of general business activity. This bank says in a recent letter:

The refusal of the public to assist in the liquidation of such inventories again comes back to the retailer who, justly or unjustly, has been the object of a good share of criticism for not lowering his prices promptly to the basis upon which he can replenish his stock. He has insistently clung to the hope that prices would recover, thereby enabling him to dispose of his merchandise at a profit on original cost prices. In fact retail liquidation has only just started, judging by the size of the stocks on hand, the intention apparently having been to postpone further reductions until after the holidays. But it is elementary that such liquidation must take place before buying can again reach back to the primary sources of supply.

BUYING MUST BE STIMULATED

The Union Trust Company of Chicago points out in a recent letter the need for stimulation of buying if the accumulating surplus of commodities is to be absorbed:

It must be remembered that the productive capacity of the country in all lines is much greater than in 1914 while the domestic demand has by no means kept pace with this increase. Beside our greatly increased production, Europe has made more rapid strides toward restoration and has gained more steadily in production than was originally expected. We have, therefore, confronting us, the problem of disposing of our own over-production and of imports of competitive commodities that are steadily increasing. It must be obvious, therefore, that unless we can stimulate buying at home and maintain and adequately finance our export trade, we must presently suffer from an accumulating surplus of commodities that will prove destructive of commercial values and subversive to national prosperity.

Dependability in Banking Service

Dependability in banking service has always been the one recognized important factor that is demanded by the depositor of a bank in handling his funds and business problems of a financial nature.

In making your banking connection it should be done with the greatest care, and with consideration of the record and standing of the institution which invites your business, as well as the service it is able to render you.

With a record of thirty-seven years of practical banking, with resources of more than seventy million dollars,—we offer you a banking service that is broad and comprehensive in its scope and especially adapted to meet your every particular financial requirement.

The Seaboard National Bank **of the City of New York**

Capital, Surplus and Profits over Five Millions

THE NEED FOR TAX REVISION

The need for tax revision is commented on by the American National Bank of San Francisco as follows:

One of the problems confronting Congress is that of revising the income and excess profits tax laws, and if possible lightening the burden of the taxpayer. While it is recognized that the Government must for several years continue to require large sums, there is a conviction that economies are possible, and that the taxes should be more evenly distributed, instead of falling with intolerable weight, as they now do, upon business. For the fiscal year ending June 30, 1920, tax collections amounted to more than \$5,407,000,000. The conclusion might be drawn that peace is more expensive than war, but this is hardly borne out by the estimates of the Treasury Department for the maintenance of the Government during the fiscal year to June 30, 1922. Included in the 4,653 millions which Secretary Houston asks for are 938 millions for the War Department, 695 millions for the Navy, and but 53 millions for Agriculture.

FOUR FACTORS IN THE CREDIT SITUATION

James S. Alexander, president of the National Bank of Commerce in New

York, in a general review of 1920 stated that there were four specific reasons for the impairment in the quality of credit. These, he stated, were as follows:

The first was the volume of government paper which from its character was not self-liquidating and which continued to burden our banking resources. The issue of war paper in large volume was made possible only by means of an expansion of bank credit, which it was hoped would be liquidated by current savings of the public. But much of this paper was not taken out of the banks and, in fact, a considerable volume was reinjected into bank credit as the basis for new loans to business interests which had subscribed for bonds but later found themselves unable to continue to carry them without banking assistance.

Another impairment to the liquidity of bank credit came from the nation's transportation breakdown early in 1920, due to labor shortage, strikes and inefficient operation. Vast amounts of goods were tied up in freight cars, warehouses, sheds and shipping rooms. It was impossible to market them and release the credits involved. Renewal of the loans was necessary on a widespread scale. In other words, the liquidity of that portion of our credit resources was lost for the time being.

A third factor has been the prevalence, particularly in the period of rising prices, of the speculative withholding of large stocks of goods from market in the expectation of higher prices and greater profits. These goods must have been largely carried by means of loans, which were not liquidated in keeping with a normal rate of turnover, and resulted in another type of frozen credit.

The fourth great cause became operative in the period of public retrenchment in buying and of falling prices. The flow of goods was drastically slowed down by this reaction and many merchants and manufacturers had larger stocks on hand than they could dispose of within the maturity of the credits employed to finance them. In order to carry those goods until they could be marketed it was necessary to extend the loans. Also in this period there was an element of resistance to price recession to avoid reduced anticipated profits, and lastly absolute losses. Efforts were made to maintain prices in the unwise hope that fresh shortages might develop through curtailed production. There was likewise an element of renewed commodity speculation evidenced by the withholding of commodities from markets under the mistaken idea that the recession in buying would be temporary, and that the revival of purchases would be met by secondary price advances.

These were the four great factors which wrought a serious change in the quality of our national credit resources. The stringency in credit that arose was due not to an absolute shortage of supply, but to the fact that the efficiency of the volume in existence was reduced by its impaired liquidity so that it could not answer the demands made upon it. Instead of revolving over and over, in normal cycles, a large part of our credits were either non-liquid or were revolving at a very slow rate. A normal commercial credit cycle represents the period in which the borrower may reasonably expect, in the ordinary flow of his particular line of business, to turn over his stock financed by a loan and to be placed thereby in funds from his sales and collections to liquidate the credit at maturity without renewal. This would release it for a new cycle of productive activity.

THE DOMESTIC CREDIT SITUATION

The domestic credit situation is reviewed as follows in the *Mid-Month Review* of the Irving National Bank of New York:

The domestic credit situation shows notable improvement as the liquidation of commodities continues. The improvement is reflected in a somewhat easier rate for call money and time loans. Some local difficulties have arisen, particularly in North Da-

kota, due to the holding of grain by the farmers. As a consequence imports of wheat from Canada have been stimulated—a movement distinctly favored by the discount prevailing on Canadian dollars. Indeed suggestions are already made that Congress, just reassembled for its final short session, should enact a tariff restriction against this and certain other raw materials.

The peak of the crop-moving tension in credit seems to be past. Average clearing house returns are slightly receding, the volume of Federal Reserve notes in circulation also recedes somewhat, and the internal borrowings of reserve banks likewise are on the wane. The action of the Comptroller of the Currency, approved by the Treasury, in authorizing national banks to extend loans on Liberty bond collateral until June 30, 1921, instead of December 31, 1920, bids fair to improve the market for government war paper and may bring further ease to the general credit situation. New York clearings for November amounted to \$19,434,115.427, a decline of 14 per cent. from November, 1919. All other cities together, excluding New York, showed clearings of \$16,571,068,816 in November, 1920, a decline of 1 2/10 per cent. from last year. The combined decline amounts to 8 1/2 per cent.

THE NEED FOR CONFIDENCE

A plea for a greater spirit of confidence is voiced as follows in the current letter of the American Exchange National Bank of New York:

The future belongs to the confident man, for the fight lies straight in front of him. His feet are on the ground and there are no distractions. Uncertainty feeds on hope. A theory is at best only a beginning whose points of departure cannot be known. A condition is a fact and the roads that lead from it are facts. Where there is only one road, there can be no uncertainty—no mistakes.

Starting from a position with its back to the wall the road for business now is forward. Divergent aims make concert impossible. Try as it will, a mass cannot move in opposing directions. Business must move together, stand still or die. In the present situation, deflation, the process of getting down to bedrock, is stymied. A few of us have gotten between the rest of us and the goal, hoping to join the advance without having joined in the retreat. It can't be done. We must all get back to scratch—bedrock—play in turn and according to the rules. Those who hesitate want to save something they never had. We are awaking from an economic nightmare. As long as the dream lasted, dream-wealth maddened and unbalanced some of us. We mistook a bacchanal for a quiet afternoon in Elysian fields. The carousal is over. Those of us

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

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ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

who do not know as yet that some of our gold has turned to leaves are hoping that George will get to work. But the magic lamp is wickless and without oil. We face the necessity of starting the day with a wash at the old pump—a thing that will strengthen our soul for the test that lies before us. We should meet the situation with confidence—the trail-blazer of progress.

Turn the pages of history and note the record. Confidence was and is a condition precedent to every worth-while achievement. The archæology of the past records its accomplishment no less than the vellum of today. Its majestic tracery is the footprint of time. Every material expression of genius has found its genesis in confidence. Through it we find a Newton measuring the comet's path, a Franklin-stealing fire from heaven, a Columbus in search of a new world. It has won wars, defeated famine, built empires, created government, subjugated the waters of the earth, made conquest of the air and converted man's habitation into a garden of roses. It is a legacy from those from whom we are descended—let us not be truant to the trust.

To restore confidence the Garfield National Bank of New York believes that there are two important phases to be considered, as follows:

First—A reasonable certainty of what conditions will be in the near future, with respect to Governmental expenditures, taxation and the amortization of the War Debt, so that we may have a chart to steer our course by, rather than be subjected to a series of retroactive remedies for too long-neglected disorders.

Second—An attempt to reestablish the social strata on a basis approximating their pre-war relationship to the monetary unit—an ironing out of the manifest inequalities in the application of inflation to the individual, so that the farmer, merchant, manufacturer, professional or salaried man, laborer and capitalist, may have a stable measure by which to forecast, in terms of

income, what he may expect in the way of shelter, food, clothing, education, amusement and savings.

THE STOCK MARKET

The current number of *The Bache Review* has the following to say about the outlook for the stock market:

Anything like stock market predictions for the coming year, when conditions are filled with so much uncertainty, are, to say the least, unwise, and in view of the failures in forecasting financial developments each year since 1914, would undoubtedly prove to be only guesses. However, from the point of view of comparison with other periods of depression and what followed, the year 1903 was, in some respects, similar to 1920—and 1907 might also serve as an interesting comparison. 1914 was a year of business unsettlement, the first half because of the ominous effects of the new tariff law, and the latter half because of the war. 1917, which was the year of our entrance into the war, was also a year of business depression in most lines, except those of companies which were making goods on order for the United States Government. Even then, with so many restrictions on production, transportation, and the consumption of fuel, profits for that year were considerably disturbed, and the stock market, with few interruptions, showed a continuous decline from the beginning to the end of the year.

As to what came after these, perhaps imperfectly similar years; in 1903, the period of depression was followed by two years of rising prices; 1908 and 1909 were also years of rising prices, as were 1915 and 1916; the same was true of 1918 and 1919. It would be presumptuous to conclude, however, that we are now to have two years of rising prices. A more precise comparison of conditions would be with those of 1866, after the Civil War. At that time the great break was followed by marked recoveries, but in turn there were other declines, and a long period following was marked by great irregularity.

The conditions of wealth and power in this country to-day are so radically different from those of the Civil War period that a far quicker recovery may be looked for. The peak of danger in the credit situation has been passed. The country is on a sound banking and industrial foundation. Wealth accumulated in the last five years, is vast in amount and widely distributed. The energy and intelligence of a great business and industrial population is at work in carrying through the process of readjustment successfully, and confidence and courage should be the prevailing sentiment.

PRICES

The price situation is reviewed as follows in the January financial letter of the National City Bank of Chicago:

Despite the world-wide readjustment in commodity prices and resultant unsettlement in many quarters, the new year opens under circumstances which justify taking a cautiously optimistic view of the future. The country has cast aside all delusions about the possibility of maintaining war prices in peace times and the Federal Reserve Board has rejected all efforts to secure credits with which to support speculative undertakings or to defer the inevitable restoration of a reasonable price level. Congressional leaders are insisting upon the introduction of important economies to offset in part the sharp decrease in the federal tax collections, which must result from the enormous decline in business profits realized during 1920 as compared with those cleared during the previous year of high prosperity, upon which were based the immense tax collections of the year just closed.

This is a favorable sign, for the high cost of government is bearing heavily upon the people and must be reduced forthwith. For more than thirty weeks there have been more recessions than advances reported in commodity prices, which in the nature of things must ultimately reduce the cost of living and make it easier for the industrial worker to make both ends meet.

THE CANCELLATION EVIL

An important factor in the present situation is the widespread practice of contract cancellation. This is discussed as follows by the Mechanics and Metals National Bank of New York:

The present situation has been gravely aggravated by the widespread cancellation of sales contracts. According to a statement made just before the close of December by Charles L. Bernheimer, chairman of the committee on arbitration of the Chamber of Commerce of the State of New York, more

than \$2,000,000,000 worth of merchandise is to be found on piers, in warehouses, at railroad stations, on cars and in steamships in the United States, ownership of which is disputed because of fault finding, attempted cancellations and actual cancellations; while another \$1,000,000,000 worth of American goods abroad is held up under similar circumstances.

Caught in a falling market, many buyers have been seeking to avoid their share of the setback by outright repudiation of orders. Domestic buyers have cancelled orders for goods in process of manufacture, and this has made the manufacture of those goods, in turn, feel impelled to cancel their contracts. Firms abroad have refused to accept American goods at high prices, which have already been completed and shipped, and yet representatives of those same firms are reported now to be buying in the market here at the new level of prices.

That the cancellation evil has spread to many lines, that it has become world-wide, and that petty differences over technicalities in contracts are often made the excuse, does not raise the morality of the act nor alter the seriousness of its effect. Many of the buyers who seem to imagine that when the market goes against them a contract ceases to be a contract, were bringing suit a short time ago, when prices were rising, for delayed deliveries under orders. What is needed in business is more of the code of business ethics prevailing in Wall Street. On the floor of the Stock Exchange brokers in a few seconds enter into verbal contracts with each other involving tens of thousands of dollars; they make a pencil memorandum of each transaction on pads, and do not even exchange memoranda. Among foreign exchange dealers rapid contracts are made over the telephone involving large sums. In every case, no matter which way the market goes, contracts are scrupulously observed; there is hardly a dispute, and never a "cancellation."

On December 2 the committee on finance and currency of the Chamber of Commerce of the State of New York submitted to that body its opinion that the loose business methods which enable purchasers to reject goods whenever prices decline will cause a perilous business derangement at every downward turn. "The uncertainty created by the sway of such vicious practices," said the committee, "extends far beyond the two parties immediately affected, it spreads like a contagious disease and ultimately undermines and menaces the safety of all branches of production, trade and finance of the country. For our whole economic structure rests upon a contractual basis and upon a clear recognition of the sanctity of business obligations." The Chamber unanimously adopted resolutions which in part read as follows:

"Resolved, That an effort should be made on the part of the business community to

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incorporate into written contracts a frank stipulation respecting cancellations, in order that business may be established on a clear and definite contractual basis; and that the possibilities of misunderstanding and disagreement may be lessened and an element of dangerous uncertainty be removed; and be it further

“Resolved, That the Chamber of Commerce urge upon the business and banking communities that buyers who disregard their written agreements shall be considered as being lacking in business morality and as undeserving of confidence; and that business and banking leave no doubt that attempts wilfully to violate contracts, shall be frowned upon as violating the code of business ethics on which rests the entire structure of American industry, commerce and trade.”

THE BANKING SITUATION

The First Wisconsin National Bank of Milwaukee has the following to say about the banking situation in its December letter:

There is a general feeling that the banks have passed their period of greatest stress. Loans and discounts and deposit and note liabilities have all registered moderate de-

clines, and the reserve ratio of the Federal Reserve banks recently reached 44.5 per cent. Commercial and industrial loans, as well as paper secured by war obligations, show liquidation reflecting the liquidation in the commodity markets. The heaviest pressure now comes from the South and West where banks are rendering the maximum assistance to hard-pressed farmers and livestock men. But under the Federal Reserve system, the load can be distributed over all of the Reserve banks as evidenced by the rediscounting accommodation now being extended by the Boston, Philadelphia, Cleveland and San Francisco Reserve banks to those in the South and Southwest.

The key that unlocks credit is found in adequate reserves. There was a time in this country when reserves were looked upon as “till-money.” If a bank reached the limit of credit accommodation that its reserves allowed, it could go no further. In fact, it might have to curtail loans in the face of an increasing demand from the business community. It is the peculiar merit of the Federal Reserve law that it does away with this fixing of an absolute and arbitrary “dead-line” and permits the surplus reserves of banks in a more favorable reserve position to be used for the relief of those banks in sections where for any reason the pressure for credit is greater.



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The annoyance and distraction of constant noise is no longer a necessary part of the day's work.

In spite of typewriters and telephones and talking and all the other things that make for a confusion of sounds, a room containing 50 or more persons can now be almost as quiet as if each worker had the whole room to himself.

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puts an end to office noise by absorbing it—keeps it from reaching the ears.

Replacing din and noise with restful quiet adds to the efficiency and accuracy of the entire personnel, both officers and employees. Makes it easier to think, easier to concentrate, easier to consult with fellow-workers, easier to telephone, easier to talk with customers. In short, it means more work throughout with less effort—less wear and tear on nerves, less tendency to tire.

Clearly these benefits not only reduce overhead, but they can also be a factor in increasing a bank's business.

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INTERNATIONAL INVESTMENTS CIRCULAR

Brown Brothers & Co. have prepared a circular descriptive of international investments which surveys all the more important foreign issues, classifying them in the following groups: British, Canadian, French, Belgian, Scandinavian, Swiss, Japanese and Latin American.

O. L. BRILLIANT JOINS M. H. AVRAM & CO.

Oscar L. Brilliant, formerly of the advertising and research department of the Burroughs Adding Machine Company, has joined the organization of M. H. Avram and Company of New York. Mr. Brilliant will have charge of the industrial and commercial statistical department, which will make extensive investigations dealing with all phases of production and distribution affecting the basic industries in this country and throughout the world.

AMERICAN TRUST CO. STOCK INCREASED

The board of directors of the American Trust Company voted recently to increase the capital stock of that institution to \$1,500,000 from \$1,000,000. After the meeting it was stated that this will make the capital, surplus and undivided profits of the company more than \$2,000,000.

EXCHANGE CLUB ELECTS OFFICERS

The Foreign Exchange Club of New York has elected George H. Kretz, of the National Park Bank, president, succeeding North McLean, of the Mechanics and Metals National Bank. The new vice-presidents are George L. Leblanc, of the Equitable Trust Company, and B. A. Duis, of the National City Bank. Robert B. Raymond, of the Chemical National Bank, has been chosen secretary and treasurer. The new executive committee consists of Fred I. Kent, of the Bankers Trust Company; Ralph

Dawson, of the Guaranty Trust Company; C. J. Stephenson, of the Canadian Bank of Commerce, and North McLean, of the Mechanics and Metals National Bank.

BENJAMIN STRONG TO RETURN SOON

Benjamin Strong, governor of the New York Federal Reserve Bank, arrived recently in Paris from Marseilles and is expected to return to this country some time this month. Mr. Strong left New York last January and after spending some time in Arizona sailed for Japan from San Francisco last April. When he returns he will have made a complete circuit of the world.

TRUST COMPANY'S HISTORICAL CALENDAR

"Founders of the Nation" is the title of the United States Mortgage & Trust Company's 1921 calendar, which is now being distributed. The illumination is from an original painting by Percy Moran and has as its central figure General Washington leaving Federal Hall, at the head of Broad Street, New York, now the site of the Sub-Treasury building, immediately after his first inaugural. The calendar is a worthy addition to the familiar colonial series issued by the United States Mortgage & Trust Company.

VICE-PRESIDENT OF NATIONAL BANK OF COMMERCE DECORATED

Guy Emerson, vice-president of the National Bank of Commerce in New York, has received notification that King Victor Emmanuel III of Italy has conferred upon him the Cross of Chevalier in the Order of the Crown of Italy. This decoration is in recognition of services performed by Mr. Emerson in connection with the visit of the Italian delegation to the United States to attend the International Trade Conference at Atlantic City in October, 1919, and co-operation with representatives of Italy in financial and economic matters.

CONFERENCE AND BANQUET OF TRUST COMPANIES

Edmund D. Hulbert, president Trust Company division, American Bankers Association, and president of the Merchants Loan & Trust Company, Chicago, has announced Thursday, February 17, 1921, as the date of the tenth annual banquet of the Trust Companies of the United States. The second midwinter conference of the Trust Companies will be held in the morning and afternoon of the same day. Both the conference and banquet will be held at the Waldorf-Astoria Hotel, New York City.

ITALIAN DISCOUNT AND TRUST COMPANY

The board of directors of the Italian Discount and Trust Company on December 3, 1920, declared a dividend of 5 per cent., payable December 31st, to stockholders of record of December 15th.

NEW BROWN BROS. PARTNERS

Ray Morris, formerly of the firm of White, Weld & Co., and Charles J. Rhoades, formerly governor of the Federal Reserve Bank, of Philadelphia, have been admitted as partners in the firm of Brown Bros. & Co.

T. W. KNAUTH BECOMES PARTNER

Theodore W. Knauth has been admitted as a general partner in the international banking firm of Knauth, Nachod & Kuhne.

TEXTILE BANKING COMPANY, INC.

At a meeting of the board of directors of the Textile Banking Company, Inc., of New York, held December 21, a quarterly dividend of 2 per cent. was declared, payable January 15, 1921, to stockholders of record as of December 31, 1920. The following were elected officers of the company: M. C. Rheinboldt and C. S. Hasbrouck, assistant treasurers, and W. A. Cunningham, assistant secretary.

BANK DIVIDEND RAISED FROM 6 TO 7 PER CENT

The directors of the National Bank of Commerce of New York decided at a recent meeting to increase the annual dividend rate from 6 to 7 per cent., effective immediately.

The quarterly disbursement to stockholders on January 1 was \$1.75 per share.

Since the published statement of December 31, 1919, the surplus and undivided profits fund of the bank has increased approximately \$1,000,000 in addition to regular dividends paid to stockholders. In view, however, of the period of readjustment through which business is passing, the directors deemed it wise to continue, for the present, the policy of building up the surplus and undivided profits fund of the bank. Hence, only a moderate increase in the dividend rate was made.

The capital stock of the National Bank of Commerce is \$10,000,000, the surplus and undivided profits fund \$5,500,000, while the deposit total now stands around \$60,000,000.

NEW DEPARTMENT DIRECTOR FOR CHEMICAL NATIONAL BANK

Charles Cason has been appointed director of the new department of public relations of the Chemical National Bank of New York. Mr. Cason is now a member of the executive staff of the Rockefeller foundation and was previously alumni secretary of Vanderbilt University, Nashville, Tennessee, of which he is a trustee.

UNITED STATES MORTGAGE AND TRUST CO.

The board of directors of the United States Mortgage & Trust Company, on December 24, declared a quarterly dividend of 6 per cent. on the capital stock of the company, payable January 3, 1921, to stockholders of record December 27th, 1920. The directors also voted to officers and employees additional compensation of 20 per cent. of the amount of salaries paid them during the year 1920.

IMPORTERS & TRADERS NATIONAL BANK

Total assets of the Importers & Traders National Bank at December 31, 1920, were \$52,068,684.22 and deposits \$32,038,829.41. The capital of the bank is \$1,500,000 and surplus and undivided profits \$8,426,803.11.

GEORGE G. MILNE, JR.

George G. Milne, Jr., has been appointed third vice-president of the Garfield National Bank of New York and will have charge of the trust service and new business departments of the bank.

FOUND NEW BOND FIRM

Gardiner S. Dresser and Franklin Escher resigned from John Muir and Co. to establish the new firm of Dresser and Escher, beginning business with the first of the year at 115 Broadway, New York. They will conduct an investment as brokers and dealers in high-grade bonds and stocks. Associated with them among others are Messrs. Hixson, Andrews and Frederickson, all formerly of the investment department of John Muir and Co. Herbert A. Shipman, also associated with that firm for several years, will become a partner.

DANIEL W. QUINN, JR.

The former president of the Queens County Trust Company, Daniel W. Quinn, Jr., has associated himself with the firm of McArdle, Djorup and McArdle in the conduct of its accounting practice. Mr. Quinn was also formerly special deputy superintendent of the banks of the State of New York.

CALENDAR OF DUE DATES

The Guaranty Trust Company of New York has just issued a calendar of due dates for returns and payments of Federal, New York State and New York City taxes for 1921.

FRANKLIN D. ROOSEVELT ELECTED
VICE-PRESIDENT OF THE FIDELITY
AND DEPOSIT COMPANY

At a meeting of the board of directors of the Fidelity & Deposit Company of Maryland the last week in December, Franklin D. Roosevelt, formerly assistant secretary of the Navy and Democratic candidate for the vice-presidency, was elected a vice-president of the company. Mr. Roosevelt assumed charge on January 1 of the company's activities in New York at 120 Broadway. The directors also declared the regular quarterly dividend of 4 per cent.

Mr. Roosevelt returned recently from a vacation in Louisiana to confer with officers of the surety company with which he is now affiliated.

Mr. Roosevelt, who is not yet 38 years old, distinguished himself in the Navy Department both before and during the war by his capacity for organization, and his work in this connection is appreciated by all parties. He also was in charge of naval demobilization on the other side in January and February, 1918.

He was born in Hyde Park, Dutchess

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C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier
GEO. ULRICH, Asst. Cashier
C. H. FITCH, Asst. Cashier
W. G. WILCOX, Auditor

Trust Department

CHAS. W. CARY, Trust Officer

County, N. Y., and is a cousin of the late Theodore Roosevelt. His wife is a daughter of the late President Roosevelt's brother Elliott. He is a graduate of Harvard (1904), and of the Columbia University Law School (1907). He was admitted to the New York Bar in 1907, and was associated with Carter, Ledyard and Milburn. In 1911 he became a member of the firm of Marvin,



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FRANKLIN D. ROOSEVELT

Vice-President Fidelity and Deposit Company

Hooker & Roosevelt. He made his entrance to public life by way of the Legislature of New York State, having been elected to the Senate in 1910. He was re-elected, and on March 17, 1913, resigned to become assistant secretary of the Navy.

Mr. Roosevelt gave the following interview on business conditions, after his election:

There is no doubt that the country is now passing through a period of business depression. Heavy losses will be met by American business before conditions are again stable. These losses, naturally, will cause business failures, but there will be no panic. Business is reconciled to the fact that stocks must be liquidated even at a loss and its acceptance of this condition may be seen today. Prices have declined and will probably go lower on

some commodities. Production is curtailed and the flow of goods from our factories will continue to diminish until the demand depletes the stock already offered for sale and assures the acceptance of new material at fair values.

Throughout the country the purchase of necessities is postponed until the last minute. Buying of non-essentials has fallen off to even greater degree. This is being done with the hope and expectation of lower prices after January or Easter or any other date which the consumer has accepted in his mind as the time when prices will be at their lowest level. This refusal to buy will undoubtedly have its effect upon prices and spring will find quotations in many lines greatly depressed. Yet I cannot feel that the hopes of these people will be entirely realized so soon. It requires more than a few months for the vast industry and commerce of this country to resume prices which compare favorably with the pre-war values. Business in turn has many obstacles to overcome and the entire cycle of revision must be accomplished before business will again function normally.

Mr. Roosevelt also declared that the Democratic party is far from dead and that the activities of the party during the new administration would bear out this statement. "It is not the intention of the Democrats to wrangle and oppose every measure that is introduced during the next four years or to indulge in partisan criticism. I have consulted party leaders and it is very well defined as our policy that our minority years will be devoted to correcting so far as possible all onerous conditions which prevail, whether because of or in spite of the Republican ascension. We shall, of course, suggest and urge remedies which we believe to have merit. Should we fail in these efforts we can only await the outcome. A skin eruption must come out. It is better to allow it to do so than to endeavor to force it back into the system. The best policy, however, is to adopt methods of sanitation that will prevent the disease from entering the blood.

"This, in short, will be the Democratic attitude until we are able to devote once again our entire attention to political sanitation."

A STRONG CONSERVATIVE INSTITUTION

The conservative character of the investment prescribed for trust companies by the banking law of the State of New York receives a striking illustration in the annual statement of the United States Trust Company. Out of a total capital, surplus and undivided profits of \$16,717,784.61, there was invested, on January 1, 1921, in stocks and bonds \$10,489,780.00, representing the book value at prevailing market prices. The investments are given in detail, the information comprising the name of the security, interest rate, when due, par value, book value, price, and the yield. The variation between the par value, \$12,339,000, and the book value, \$10,489,780, is only \$1,849,220, which is surprisingly small considering the decline in even the better class of securities, and shows that rare judgment has been exercised in making an investment of the company's funds.

Further evidence of the careful management of the United States Trust Company is afforded by the statement in respect of

its mortgages. At a time when more or less local demoralization exists regarding real estate, the company reports that out of total first mortgages on real estate of \$4,825,873.12 none are in default.

Belief in keeping strong appears in the fact that besides the capital of \$2,000,000, the United States Trust Company has a surplus of \$12,000,000 and \$2,717,784.61 undivided profits.

At the close of January the deposits were \$47,452,424.56 and total resources \$64,937,-685.93.

The facts above stated demonstrate the service to the community rendered by an institution like the United States Trust Company, which maintains its strength under all circumstances.

FOREIGN TRADE CORPORATION OPENS NEW YORK OFFICE

Temporary offices have been opened by the \$100,000,000 Foreign Trade Financing Corporation at No. 66 Broadway, New York, it is announced by the executive committee charged with completing organization of the company. Calls will be issued soon for subscriptions to the corporation's stock. In making that announcement the committee adds:

"A carefully thought-out plan relative to the matter of stock subscriptions and designed to reach every element in our commercial organization will shortly be announced. This has been developed with the greatest attention to the section of the resolution of the Chicago meeting urging the co-operation of all members of agricultural manufacturing, financial and labor interests, throughout the country, and in the firm conviction that every member of our producing and business organization is connected with the welfare of our foreign trade.

HAMILTON OWENS AND WALTER ADRIANCE

The executive committee of the board of directors of the Guaranty Trust Company of New York, have appointed Hamilton Owens an assistant manager of the publicity department, in charge of publicity in foreign offices, and Walter M. Adriance, an assistant secretary.

MANUFACTURERS TRUST COM- PANY APPOINTMENTS

Thomas C. Jefferies, T. R. Hamilton, F. H. Van Wagner, H. A. Kultzow, A. T. Miner

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THE new building of the Newton Trust Co. at Newtonville, Mass.,—a bank building in a residential community which by its dignified exterior and good taste and convenience in planning commends the bank to a discriminating public.

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

511 Blackstone Building, Cleveland, Ohio

and John J. Hayes have been appointed assistant secretaries of the Manufacturers Trust Company.

DEATH OF ALEXANDER J. HEMPHILL OF GUARANTY TRUST COMPANY

Alexander J. Hemphill, chairman of the board of directors of the Guaranty Trust Company of New York, died December 29, 1920, at his home, 13 East Sixty-ninth street. His health had not been good for about a year, but he continued at his duties and was in his office as late as December 23.

Mr. Hemphill was born in Philadelphia, Pa., on August 23, 1856, and was graduated from the Central High School of Philadelphia in 1875. He studied with private tutors in preparation for a special advanced collegiate course, but before entering college was offered a position in the accounting department of the Pennsylvania Railroad Company and accepted it. His promotions in that company were rapid and frequent until 1883, when he was appointed secretary of the Norfolk & Western Railroad Company, being the youngest railroad secretary in the United States at the time of his appointment. In 1896 when the general offices of the railroad were moved from Philadelphia to New York he moved to the latter city and continued his position with the Norfolk & Western until 1905, when he accepted the vice-presidency of the Guaranty Trust Company of New York, assuming his new duties on January 25 of that year. He became a director of the company on April 8, 1908, and on December 8, 1909, he became president of the company. In 1915 Mr. Hemphill was elected chairman of the board of directors of the Guaranty Trust Company of New York, a position which he held until the time of his death.

Among the corporations of which he was a director are the American Surety Company of New York, Audit Company of New York, Autosales Corporation, California Railway & Power Company, Castner, Curran & Bullitt, Inc., Electric Bond & Share Co., Fidelity & Casualty Company, Guaranty Company of New York, Guaranty Safe Deposit Co., Guaranty Trust Company of New York, Hares Motors, Inc., Hastings Square Hotel Co., Hudson & Manhattan Railroad Co., Interborough Consolidated Corporation, Interborough Rapid Transit Co., Italian Discount & Trust Co., Lehigh Power Securities Corporation, Locomobile Company, Mechanics Trust Company of New Jersey, Missouri Pacific Railroad Co.,

New York Dock Co., Richmond Light & Railroad Co., Securities Corporation General, Southern Cotton Oil Co., Southfield Beach Railroad Co., St. Louis Southwestern Railway Co., Texas & Pacific Railway Co., United Gas and Electric Corporation, United Gas and Electric Engineering Corporation, United Railway Investment Co., United States Safe Deposit Co., Utah Securities Corporation, Valier Montana Land



ALEXANDER J. HEMPHILL

& Water Co., Virginia-Carolina Chemical Co., Wachovia Bank & Trust Co., White Oil Corporation.

In 1914 Mr. Hemphill became treasurer of the commission for relief in Belgium, and subsequently was appointed by President Wilson as chairman of an advisory committee, which was formed to co-operate with the commission. During the war and since Mr. Hemphill had been very active in a great number of relief organizations. He was also a member of the executive committee of the American Committee for Armenian and Syrian Relief. During the early days of the war Mr. Hemphill served as a member of the recruiting committee of the Mayor's Committee of National Defense, and was active in a number of other

WANTED

USED BANKING FIXTURES: 3 Cages not over 6' wide and 7' deep, preferably wood screenbase, office partitions, Furniture for Directors' Room, Vault door and equipment. All must be in good condition and of reasonable price.

Mail detailed description to:

FRED. EHRSAM, Architect
Reading, Pa.

patriotic and war service organizations. In recognition of his service abroad he received the order of Chevalier of the Legion of Honor from the French Government, and the rank of Commander of the Order of the Crown and the Grand Cross Order of Leopold II from King Albert of Belgium.

W. C. POTTER SUCCEEDS ALEXANDER J. HEMPHILL

W. C. Potter has been elected chairman of the board of directors of the Guaranty Trust Company by unanimous vote to succeed Alexander J. Hemphill, who died last month. Mr. Potter is at present associated with the Guggenheim interests, but contemplates devoting his time exclusively to the Guaranty Trust Company. He is expected to begin active duties about March 1.

Mr. Potter was a vice-president of the Guaranty Trust Company for about three years, but resigned in 1915 to go with the Guggenheims. He is a director in the following companies: Agricultural Products Corporation, American Congo Company, Chile Copper Company, Chile Steamship Company, Continental Mexican Rubber Company, Copper River & Northwestern Railroad Company, Great National Mexican Smelting Company, Guggenheim Smelting Company, Intercontinental Rubber Company, Intercontinental Transportation Company, Mexican Union Railroad Company, Nevada Consolidated Copper Company, Sherman Steamship Company, Utah Copper Company and the Guaranty Trust Company.

Mr. Potter is also vice-president and director of the Chile Exploration Company, chairman of the board of directors of the Continental Rubber Company and chairman of the Kennecott Copper Corporation.

JOHN BURKE TO JOIN NEW YORK BANKING HOUSE

John Burke, treasurer of the United States, has announced his resignation, to be effective upon the appointment of his successor.

Mr. Burke was appointed treasurer in March, 1913. Prior to that time he served three terms as governor of North Dakota and was a member of the Senate and House of that state. He will join the banking firm of Kardos & Co., of New York, which is to become Kardos & Burke.

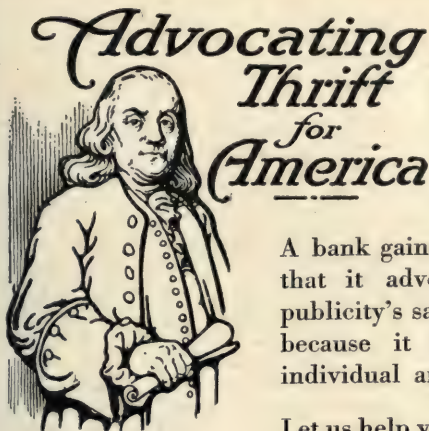
CHARLES WESLEY HEADS COMPANY

Charles Wesley, formerly vice-president and in charge of the New York office of Hollister, White & Company, Inc., has severed connections with that firm. Mr.



CHARLES WESLEY

Wesley will continue to transact a general investment business at the same address, 92 Cedar street, under the firm name of Charles Wesley & Co., Inc. The entire present organization will be retained intact.



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Philadelphia
Headquarters

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A bank gains prestige when people realize that it advocates thrift not merely for publicity's sake and to attract business, but because it knows thrift means greater individual and community progress.

Let us help you put the thrift story across in a manner which will inspire your people's respect, and build prestige and business for your institution.

The Collins Service
PHILADELPHIA PENNSYLVANIA

FIFTIETH ANNIVERSARY . OF GEORGE LA MONTE & SON

Fifty employees of George La Monte & Son, manufacturers of safety papers, celebrated the fiftieth anniversary of the invention of safety paper and the foundation of the company at a banquet given at the Hotel Astor, New York, on December 8.

The occasion marked not only a golden anniversary but several multiple anniversaries; it was the thirty-fifth year of the association of George M. La Monte, president of the company, the twenty-fifth year's experience with safety paper of Thos. J. O'Neil, treasurer, and the tenth year of the connection of George V. La Monte, vice-president.

The employees presented a loving-cup to the officers in commemoration of the event. In accepting the memorial, President George M. La Monte spoke briefly of the history of the company, which was founded by his father in 1871.

"George La Monte, Sr., was engaged in the paper business in New York when he became convinced of the need of a paper for safeguarding checks and other negotiable instruments. He began a close study

of the process of paper making, constructed a small laboratory, and eventually composed the chemical formula for an entirely new product.

"So far as the sale of his product, which he called 'National Safety Paper,' was concerned, the early days were fraught with some disappointment in bringing bankers to realize the importance and utility of a paper designed to expose instantly any attempted fraudulent alteration. The new paper, however, received the enthusiastic endorsement of several well-known chemists both in this country and abroad and very gradually prominent banks adopted it.

"The growth of George La Monte & Son in fifty years, perhaps, has been beyond the expectations of its founder. National Safety Paper is used to-day by thousands of banks for check forms and it is looked upon generally as the standard method of preventing check frauds."

Among the representatives from out of the city who attended the anniversary banquet were: James T. Anderson, Chicago; D. J. Lyons, St. Louis; D. D. Madden, San Francisco; G. W. Hawkins, Chicago; W. P. Batchelor, Toronto.



CARL V. BURGER

Organizer of the A. E. F. School of Painting in Beaune, France, who recently joined the Edwin Bird Wilson, Inc., Advertising Agency. He will assist Robert Hall, the art director.

EQUITABLE TRUST COMPANY APPOINTMENTS AND DIV- IDENDS DECLARED

The Equitable Trust Company of New York has announced the appointment of James I. Bush as a vice-president of the company. Mr. Bush will be in charge of the new business department, a capacity for which he is particularly adapted because of the character of his business training.

Joseph E. Smith, assistant secretary, has been appointed manager of the new business department.

The board of trustees has declared a quarterly dividend of four per cent., payable December 31 to stockholders of record of December 21. In addition the trustees also declared an extra dividend of four per cent., payable January 10 to stockholders of record of December 21.

The Equitable Trust Company had total resources on December 31, 1920, of \$317,-

508,898.79 and deposits of \$216,394,672.78. The capital is now \$12,000,000 and surplus and undivided profits \$15,227,770.47.

BANK NOTE IDENTIFICATION CHART DESIGNED BY THOMAS JEFFERIES

In an effort to overcome the increasing activities of counterfeiters and bill raisers throughout the country, a bank note identification chart has been designed by Thomas C. Jefferies, assistant secretary of the Manufacturers Trust Company of Brooklyn and New York.

Investigation revealed the fact that bill raisers seldom attempt to alter portraits on currency with which they tamper. They change the numerals—both words and figures—but they pause when they reach the portraits. Rarely in the past has the United States Secret Service come upon raised bills with portraits changed. If attempts have been made to alter the portraits, they have palpably been failures. If, therefore, bank tellers and others who handle money as an occupation, will make sure that proper portraits appear on all currency they handle, they will have a quick and certain means of detecting spurious raised notes.

The Bank Note Identification Chart gives, in order, the names of all men whose portraits appear on the different denominations of Federal Reserve notes and bank notes from the one-dollar to the one-thousand dollar bills and in each instance it furnishes an accompanying likeness of the individual. It shows, in addition, the names of the men and the characteristic designs that appear on the other and less extensively used issues of currency such as the gold and silver certificates, national bank notes, United States notes and treasury notes.

The chart is made on heavy cardboard and will prove a valuable companion for bank tellers, commercial cashiers and storekeepers in the matter of the verification of portraits on currency taken in.

During the war there was a lull in the operations of counterfeiters and bill raisers, but since the Armistice was signed there has been a decided increase in their activities and the approach of a period of business depression will doubtless mean still further increase in the number of counterfeiters at work and in the output of each. The need for greater vigilance on the part of bank tellers, commercial cashiers, and others who handle money as an occupation would therefore appear to be evident if they would protect themselves from falling victims to this form of dishonesty.

PEOPLES COMMERCIAL BANK OPENS

The Peoples Commercial Bank of New York opened for business at 150 Delancey street last month with Sigmund W. Barasch as its president. Mr. Barasch for the past thirty years has conducted business as a private banker on the East Side. Morris Barasch, who for eighteen years was manager of the S. W. Barasch bank, was elected vice-president; H. B. Silsbe, formerly connected with the Manufacturers Trust Co. of Brooklyn as assistant credit man, was elected cashier, and Leo Bickel, who has been with the S. W. Barasch bank, was elected assistant cashier.

DINNER OF BANKERS FORUM

The eighth annual dinner of the New York Chapter of the Bankers Forum was held December 18, 1920, at the Hotel Pennsylvania. John S. Drum of San Francisco, president of the American Bankers Association, was the guest of honor. The speakers of the evening were John S. Drum, Gerhard M. Dahl, Richard W. Saunders, Rev. W. W. Bellinger, D.D., and Romaine A. Philpot.

IRVING NATIONAL BANK'S CHRISTMAS RECEPTION

The extent to which friendship enters into the conduct of modern commercial and financial affairs was convincingly shown at the series of "open house" receptions given by the Irving National Bank of New York and its various district offices in Manhattan and Brooklyn during holiday week. The receptions have been designed to offer opportunity for the Irving's stockholders, clients, depositors and other friends to meet in informal sociability the officers, directors and staff of the bank, to renew old acquaintances and to cement friendships. In all, there were seven of these affairs at which seasonal greetings were extended in an atmosphere of old-time cheer and hospitality.

FRENCH AMERICAN BANKING CORPORATION

The unusual conditions under which the French American Banking Corporation was operating during the last year, are best set forth by a comparison of the quarterly statements of total assets and undivided profits, viz.:

	Total Assets	Undivided Profits
Dec. 31, 1919.....	\$22,309,197.75	\$67,073.28
Mar. 31, 1920.....	27,640,813.96	148,967.34
June 30, 1920.....	23,978,331.14	172,723.77
Sept. 30, 1920.....	21,613,073.95	194,490.91
Dec. 31, 1920.....	17,534,560.51	266,373.49



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000
Surplus and Profits - 8,000,000

E. F. SHANBACKER
President

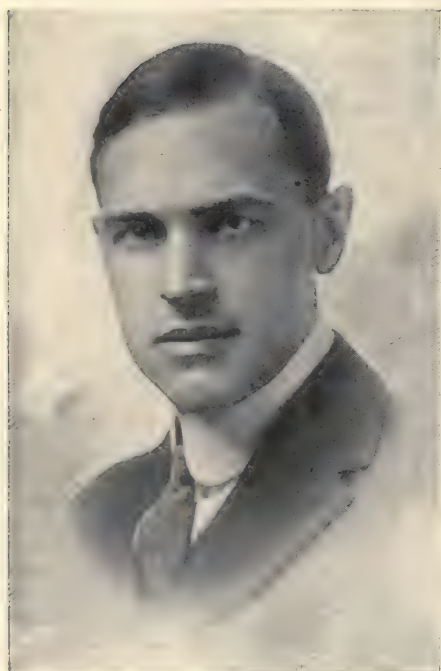
The
FOURTH STREET
NATIONAL BANK
Philadelphia



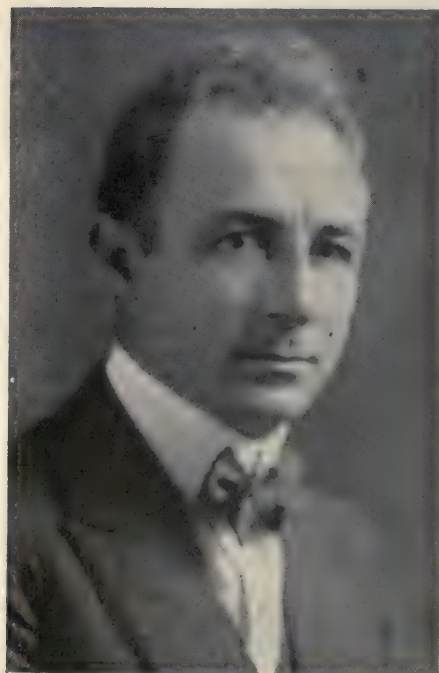
THOMAS W. ANDREW
Vice-President



CHARLES H. JAMES
Vice-President



CARL H. CHAFFEE
Cashier



ROBERT E. ALDRICH
Assistant Cashier

Recently elected officers of the First National Bank of Philadelphia



T. SCOTT ROOT
Assistant Cashier



LAWRENCE H. SANFORD
Assistant Cashier

Recently elected officers of the First National Bank of Philadelphia

These figures show the rapid progress made during the first three months, as well as the liquid condition of the affairs of this corporation, permitting a thorough reduction of commitments at the approach of the world wide economic crisis prevailing since last summer. This crisis necessitated also a severe curtailment of the principal branch of activities, namely the financing of imports and exports of merchandise, during the greater part of the past year, a policy which could not fail to affect earnings to a considerable extent.

The reduction in the item current accounts has also been considerable, there being no incentive for foreign balances coming to New York, owing to the unfavorable exchanges and the falling off in the import and export business.

Net earnings for 1920 amounted to \$378,173.69. After amply providing for taxes, depreciation, and contingent items, there remains a net profit of \$196,464.42, viz., 7.85 per cent. on \$2,500,000 capital and surplus, carried forward as undivided profits which now total \$266,373.49.

SAVINGS OF DEPOSITORS IN MUTUAL SAVINGS BANKS OF NEW YORK STATE

While thousands of thoughtless spenders are "seeing things in the dark," on January 1, more than 3,900,000 depositors in the mutual savings banks of the state will divide among themselves approximately \$50,000,000, interest on their combined savings since July 1, according to a statement issued by the Savings Banks Association of the State of New York.

At the opening of business on July 1, 1920, the 141 mutual savings banks found themselves with total deposits of \$2,398,328,940, representing an increase of \$130,933,141 over the total deposits of January 1. If this ratio of increase continues, and the banks have every reason to believe it will, the total deposits on January 1, 1921, will be approximately \$2,500,000,000.

Practically all the savings banks declared a 4 per cent. dividend on July 1 amounting to approximately \$42,000,000. At that time the total number of depositors in the 141 banks was 3,770,482, or 112,047 more than on January 1. If this ratio of increase con-

Combined Statement of Condition

HEAD OFFICE AND BRANCHES

BANK OF ITALY

SAVINGS

COMMERCIAL

TRUST

HEAD OFFICE, SAN FRANCISCO

MEMBER FEDERAL RESERVE SYSTEM

December 30, 1920

RESOURCES

First Mortgage Loans on Real Estate.....	\$40,555,851.91	
Other Loans and Discounts.....	54,571,764.30	\$95,127,616.21
United States Bonds and Certificates of Indebtedness	\$16,293,881.00	
State, County and Municipal Bonds.....	11,761,983.72	
Other Bonds	8,813,582.47	
Stock in Federal Reserve Bank.....	330,000.00	
TOTAL U. S. AND OTHER SECURITIES.....		\$37,199,447.19
Due from Federal Reserve Bank.....	\$ 6,506,874.33	
Cash and Due from other Banks.....	11,133,820.04	
TOTAL CASH AND DUE FROM BANKS.....		\$17,640,694.37
Banking Premises, Furniture, Fixtures and Safe Deposit Vaults.....	5,050,335.99	
Other Real Estate Owned.....	300,853.71	
Customers' Liability under Letters of Credit and Acceptances.....	978,927.86	
Interest Earned but not Collected.....	846,154.56	
Employees' Pension Fund (Carried on Books at).....	1.00	
Other Resources	320,654.19	
Total Resources		<u>\$157,464,685.08</u>

LIABILITIES

DEPOSITS		\$140,993,545.37
*Capital Paid in.....	\$9,000,000.00	
Surplus	2,125,000.00	
‡Undivided Profits	1,788,240.24	
TOTAL CAPITAL, SURPLUS AND UNDIVIDED PROFITS.....		\$12,913,240.24
Dividends Unpaid.....	541,617.71	
Discount Collected but not Earned.....	132,863.67	
Reserved for Taxes and Interest Accrued.....	154,490.23	
Letters of Credit, Acceptances and Time Drafts.....	978,927.86	
Federal Reserve Bank (U. S. Obligations).....	1,750,000.00	
Total Liabilities		<u>\$157,464,685.08</u>

All charge-offs, expenses and interest payable to end of half-year have been deducted in above statement.

*Authorized capital \$10,000,000.00 will be fully paid up July 1, 1921.

‡A special dividend of \$900,000.00 was paid July 14, 1920, by the bank for account of its stockholders to the Stockholders Auxiliary Corporation (capital stock owned by the stockholders of the Bank of Italy).

The Story of Our Growth

As Shown by a Comparative Statement of Our Resources

December, 1904	\$285,436.97
December, 1908	\$2,574,004.90
December, 1912	\$11,228,814.56
December, 1916	\$39,805,995.24
December, 1919	\$137,900,700.30
December, 1920	\$157,464,685.08

NUMBER OF DEPOSITORS, 221,788

tinues, as is confidently expected by the savings banks, the number of depositors on January 1, 1921, will be approximately 3,900,000.

BUSINESS CONDITIONS OF THE COMING YEAR

Alvin W. Krech, president of the Equitable Trust Company of New York has given in the following article a promising outlook of general business conditions for the year 1921:

In spite of the present business adversity, we should take comfort in the thought that the world is going back to sanity. The present period of trade depression may be considered to a certain degree as a blessing in disguise, because it compels the business community to take notice of the economic laws which, in the flush of prosperity, were often overlooked.

The American banks were not taken unawares. The Federal Reserve System in bringing the country's banking institutions together has taught them during the last few years a splendid lesson in co-operation. If, which is but little likely, a given center were to show signs of financial weakness, the whole system could be called upon to bolster up the menaced point. The bankers of this country are very keenly watching the trend of affairs and they are prepared to tide over these trying days the firms which deserve their assistance. It is quite natural that the liquidation of stocks and securities will claim its victims and that firms which were built on sand will be eliminated. But on the other hand, the organizations which have earned their right to exist, will be strengthened by the ordeal.

When we said that the world is going back to sanity, we did not mean only that the world was trying to get back to saner economic conditions, we also wanted to imply that great strides have been made towards the readjustment of international relations. Austria and Bulgaria have been admitted to the League of Nations, and the Conference of Brussels paves the way towards a definite assessment of the German indemnity.

The world can't afford today to grope in darkness. The present business difficulties make it imperative that the nations of the world resume normal trade relations. There is no country so small or so poor that it has not something to give, and the gallant efforts made by the weakest members of the European family show that one ought not to despair of the world. The British banks have done splendid work in financing business with the Danubian countries and the Baltic States, and we certainly shall not on this side of the water be forgetful of our duty to Europe.

The exchange situation will very probably improve. The favorable British trade balance, the fiscal policy of France, the resumption of Germany's iron and coal industries, will undoubtedly act favorably on the pound sterling, the franc, and the mark. But let it be said, that first of all there must be all over the world a strong and sincere desire to cut down expenditures. The Chancellor of the Exchequer deserves to be congratulated on his several attempts to reduce the budget's expenditures. The President of the French Republic, it is reported, has helped M. Francois-Marsal in bringing down the totals of the sums allotted to the several ministries, and the thrifty Signor Giolitti is wont to stop the liberalities of the Treasury.

The old political wisdom of the European statesmen and financiers has come to the fore again. Their keenness in perceiving the eco-

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

McArdle,
Djorup & McArdle

42 Broadway, New York

conomic necessities of the world (M. Poincare's letter to the Morning Post is a case in point) asserts itself more and more. *Il n'y a que le premier pas qui coute*, and the first steps towards a saner understanding of the world's needs may well strengthen our belief that 1921 will be the year of the economic risorgimento.

BANK OF CUBA IN NEW YORK

The statement of the condition of the Bank of Cuba in New York at December 31, 1920, is as follows:

RESOURCES	
U. S. bonds.....	\$90,797.91
Cash on hand and in reserve depositories	453,918.45
Customers' liability, guaranteed credits	28,647.00
Loans, discounts.....	737,604.23
Trade acceptances.....	37,700.00
Accrued interest receivable.....	4,589.22
	<hr/> \$1,353,256.81
LIABILITIES	
Capital	\$100,000.00
Surplus	50,000.00
Undivided profits.....	67,994.50
Contingent reserve.....	1,742.71
Reserve for taxes.....	12,499.12
Commercial letters of credit.....	28,647.00
Accrued interest payable.....	841.44
Deposits	1,091,532.04
	<hr/> \$1,353,256.81

W. J. WOLLMAN & CO.

120 Broadway, New York

Members New York Stock Exchange

Investment Securities

Bankers and Trade Acceptances

Our Review of Financial, Commercial, Industrial and Economic
Conditions Issued Every Two Weeks Sent Upon Request

RUSSELL S. WALKER

The Dime Savings Bank of Brooklyn has announced the death of its president, Russell S. Walker.

NEW MEMBER OF J. P. MORGAN & CO.

Thomas S. Gates, who since 1918 has held an interest in Drexel & Co., has been admitted as partner in the Morgan firms in New York, Philadelphia, London and Paris.

RECORD OF THE GUARANTY TRUST COMPANY FOR THE PAST YEAR

The Guaranty Trust Company during 1920 was able to return more than \$5,300,000 to undivided profits account after deducting all operating expenses and the regular 20 per cent. dividends which required \$5,000,000, according to a letter addressed to stockholders of the company by Charles H. Sabin, the president. In this letter Mr. Sabin says that the company enjoyed its most prosperous year in the last twelve months, and its undivided profits account now stands at \$11,600,000, compared with \$6,239,890 on January 1, 1920.

During the year the company paid to employees a 20 per cent. "high cost of living" allowance and made provision for its regular profit-sharing plan, provided for all taxes, charged off all determined losses and made provision for bad and doubtful accounts. Besides these allowances, the securities owned by the company are carried at less than market value, and Mr. Sabin is authority for the statement that there are more than sufficient unrealized profits to cover any possible eventualities in connection with any business in hand.

The growth of the Guaranty Trust Company is reflected in the fact that it became

necessary to greatly extend office facilities, both in this country and abroad, and by the addition of 1,600 employees to the organization. At the close of 1920 the company employed 5,410, of which 4,222 were in the United States. At the close of the preceding year the total, at home and abroad, was 3,810, and at the conclusion of 1918 the total was 2,595.

The business of every department of the company, according to Mr. Sabin, was marked by a maximum of volume, and the ratio of earnings to operating costs was considerably increased. The bond department, and after October 1, 1920, the Guaranty Company, which was organized at that time to take over the bond department's activities, handled a total of \$2,165,820,900 par value of securities, as compared with \$1,390,726,687 during 1919.

Mr. Sabin paid a warm tribute to the Federal Reserve System and the individual officers of the Reserve Banks, and expresses optimism as to the outcome of the present situation.

NEW DIRECTOR OF BANKERS TRUST COMPANY

Paul Moore has been elected a director of the Bankers Trust Company by the board of directors. Mr. Moore is a son of Judge William H. Moore and was born in Chicago in 1885 and graduated from Yale with the class of 1908. He began the study of law at Northwestern University and later transferred to the New York Law School from which he was graduated, and entered the law firm of O'Brien, Boardman & Platt. After several years' practice of law Mr. Moore became a member of the firm of Taylor, Bates & Co., of 100 Broadway, and of this firm he is still a member. When war was declared he went into service and

Equipped for Service



LOCATED in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions

Union National Bank

PHILADELPHIA

Resources over . . . \$25,000,000

was commissioned a captain and later a major in the ordnance department. Mr. Moore is a director of the Lehigh Valley Coal Sales Company, a director and member of the executive committee of the American Can Company and a director and member of the executive committee of the National Biscuit Company. He lives in Morristown, N. J.

EDWARD FROEDE

Edward Froede, of the foreign department of the Columbia Trust Company, has been elected assistant secretary of the company.

FRANK J. MAGUIRE

Frank J. Maguire has been made assistant treasurer of the National City Company.

INVESTMENT RECOMMENDATIONS OF THE GUARANTY COMPANY

The Guaranty Company of New York publish monthly a pamphlet of investment recommendations, describing a diversified list of investment offerings. This month in response to the unusual interest which railroad securities have aroused under the changed conditions of the past year they

have included a mortgage map of one of the leading railroad systems of the country. It accompanies a description of its principal bond issue, and enables the investor to see at a glance the mileage covered and the relative importance of its lien. From time to time similar maps of other railroad systems will be published.

TAX INFORMATION

The American Exchange National Bank of New York has issued a booklet on tax information, revised to October 15, 1920, giving the due dates of New York city, New York state and Federal taxes.

KINGS COUNTY TRUST COMPANY

The Kings County Trust Company of Brooklyn had total assets at December 31, 1920, of \$28,120,067.59 and deposits of \$24,451,308.83. The capital is \$500,000 and surplus and undivided profits \$2,855,015.37.

VALLEY STREAM NATIONAL BANK

The Valley Stream National Bank, Valley Stream, N. Y., has been organized with a capital of \$25,000. F. W. Muller is president, and F. P. Haskell is cashier.

Ask Your Stationer for
Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

Manufactured by Southworth Company, Mittineague, Mass.

SOLE AGENTS FOR NEW YORK

F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York



WILLIAM F. CHASE

Vice-President Citizens Commercial Trust Co.
of Buffalo

**CHANGES AND PROMOTIONS IN
BUFFALO BANK**

The following changes and promotions in the official staff of the Citizens Commercial Trust Company of Buffalo, N. Y., were affected at a special meeting of the board of directors last month: William F. Chase, formerly treasurer, was elected vice-president; Harry G. Hoffman, formerly secretary, was elected treasurer, and Bernard M. Norcross, formerly assistant secretary, was elected secretary.

**AMHERST NATIONAL BANK,
BUFFALO, N. Y.**

The above-named bank has been organized with a capital of \$200,000. Maxwell M. Nowak is president, and Fred Manthey is cashier.



BERNARD M. NORCROSS

Secretary Citizens Commercial Trust Co
of Buffalo



HARRY G. HOFFMAN

Treasurer Citizens Commercial Trust Co.
of Buffalo

New England States

THE
FIRST NATIONAL BANK
of Boston

Transacts commercial
banking business
of every nature

Make it your New England correspondent

Capital, Surplus and Profits
\$37,500,000



Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

ECONOMIC CONDITIONS IN NEW ENGLAND

NEW ENGLAND is not impulsive—in fact New England is more inclined to be very deliberate, but with it all, New England is very thorough. Never was this trait more clearly defined than in the way New England has tackled the job of reconstruction of business. The “consumers’ strike” was slower in getting under way in New England than in other parts of the country, but, once under way, it was complete. The wholesalers saw the trend and cut their prices; the retailers held on until after the holidays—with rather indifferent success—but then they also cut and cut deeply. Losses have been heavy, especially in the great wool, leather and shoe trades, but these losses have been charged off—many of them against inventories, and New England business men are now devoting their time and energies to finding the basis of prices on which the public will resume buying, and as fast as they find it they are readjusting production costs to the new basis. Business mortality is high, but it is not as high as it would be if it were not for the fine spirit of co-operation that exists all through the business fabric of New England, from the banks clear through to the smallest retailer.

New England banks are in fine condition. At this writing it looks as though money rates would drop quite materially before the first of February. The distribution of credit has been handled in a way that warrants the highest commendation, and many a merchant and manufacturer is now

thanking his banker for refusing to let him extend his purchases during the period when high prices looked as if they were going to stay for a long time.

The textile mills of New England report improved conditions. Mills are re-opening—many of them on a full time basis. Cuts in wages have been accepted by mill labor, the cuts running as high as 22 and 25 per cent. in some cases. The mill managements report improved inquiries for goods and the future is brightening rapidly.

In shoe and leather lines much the same conditions exist. Heavy losses have been charged off, new prices established and the manufacturers report a material increase in orders.

The reaction in real estate has been very marked. Part of this is the regular “seasonal” reaction; part is due to a readjustment of values. Real estate dealers believe that Spring business will be exceptionally good, particularly if, as now seems probable, there is an abundance of mortgage money available at reasonable rates. Some new and very interesting factors have been introduced into the real estate situation by the extraordinary conditions of the past year or two, and the “working out” of these factors will be watched closely. For instance, many people were forced to buy houses that they did not want, merely to keep a roof over their heads. In many cases high mortgages were taken back by the seller on these places. The banks kept their loans down to the usual percentage of the normal value of these places, but the second mortgages taken by individuals often ran into large amounts and were written at

WEBSTER AND ATLAS NATIONAL BANK OF BOSTON

For Boston Notes and Drafts

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

high rates. Many of these places are bound to come back on the market by foreclosure process, and, generally speaking, the readjustment of real estate to normal conditions and normal values promises to be a most interesting process.

Building operations are at a low ebb. But the cost of building material has dropped sharply—in some cases almost 50 per cent.—and it now looks as though the matter of labor costs might soon be settled on a basis that would permit of much-needed construction.



COTTON AND COTTON MANUFACTURE

"Cotton and Cotton Manufacture" is the title of a booklet issued by the First National Bank of Boston, being a companion to its recently distributed booklet on "Wool and Wool Manufacture." These publications are the work of a member of the staff of the bank, and cover their respective fields in a manner never before undertaken. They explain all the details of the industries, but untechnically, and in a manner

that can readily be understood by the layman.

This booklet begins with the history, distribution, and cultivation of cotton. It describes the selling methods and the grading of the staple. The process of manufacture is covered in detail, from the receipt of the cotton at the mills to its delivery as finished goods. Then the position of the United States in the industry is discussed, with valuable statistics. Numerous illustrations add greatly to the value of the booklet, showing distinctly many of the intricate processes of manufacture. Many of these never have been publicly illustrated before.

It is interesting to note that of the 34,200,000 cotton spindles in the United States, 53 per cent. are in New England, and 30 per cent. of these are in mills which are customers of the First National Bank of Boston. Of the 672,754 looms in the country 56 per cent. are in New England and 32 per cent. of these are in mills that are customers of the bank. Customers of the bank manufacture about 90 per cent. of the textile machinery used in all the cotton mills of the United States.

Copies of the booklet may be obtained upon application to the Commercial Service

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 170,580
Ralph H. Mann, President
J. Lewis Ellsworth, Vice-Pres. and Treas.
George E. Duffy, Vice-President.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

Department, First National Bank of Boston.

NEW PAMPHLET ON ACCEPTANCES

A new contribution to the literature of acceptances has appeared in the form of a pamphlet issued by the First National Corporation of Boston and New York. The legal status of acceptances is reviewed with respect to their eligibility for investment by national banks, state banks and trust companies and savings banks. The last part of the pamphlet contains the regulations of the Federal Reserve Board governing re-discounts and open market purchases by Federal Reserve banks and acceptance by member banks.

SOMETHING CHEERFUL

Charles G. Bancroft, president of the International Trust Company, sounds a cheerful note in the prevailing gloom in the following signed advertisement in the Boston newspapers:

IT'S ABOUT TIME

SOMEBODY SAID SOMETHING CHEERFUL

Let's talk about the blessings of peace; or The tremendous crops, greater than any we ever had; or

The fact that there is no epidemic of influenza in sight; or

The wonderful spirit of helpfulness and toleration that has grown up in our midst; or

The broad and considerate way in which the difficulties attending the deflation process are being handled; or

The fact that happiness comes from within and not from without, and that if we have lost some of our earthly possessions, but still have health and friends, we need not be unhappy; or

The incoming administration, which we hope will bring business sense and judgment to the solution of our problems; or

The general proposition that we are the most fortunate people in the world, with the safest government, the greatest opportunities and the most promising future; or

That the INTERNATIONAL TRUST COMPANY, for more than forty years located at 45 Milk street, a member of the Federal Reserve System, with a strong conservative board of directors, is ready to render every service in legitimate banking.

CHANGE IN HARTFORD BANKS

The City Bank and Trust Co. of Hartford during the past month purchased the

business of the American Industrial Bank and Trust Co. of that city and will during the next two weeks move the effects to its banking house at the corner of Asylum and Trumbull streets. With the taking over of the business of the American Industrial Bank and Trust Co. the total deposits of the City Bank will be over \$14,000,000. Frederick P. Holt is president of the City Bank and Trust Co. and the other officers are: vice-presidents, E. S. Goodrich and H. A. Allen; cashier, A. W. Jacobs; assistant cashiers, C. C. Chase and H. B. Skinner, and trust officer, G. B. Hawley.

DEATH OF G. E. KEITH

The Brockton National Bank of Brockton, Mass., announces the death of its president, George E. Keith, on December 9.

BRIDGEPORT BANK MERGER

At the annual meeting of the stockholders of the First Bridgeport National and the Connecticut National Bank of Bridgeport, to be held in January, action will be taken on the proposed merger of the latter with the former bank. The merger will make the First Bridgeport National one of the largest banks in the state. According to the November 15 statements of the banks, the combined resources would be \$21,288,061; capital, \$1,664,200; surplus and profits, \$1,917,828; gross deposits, \$14,280,161; loans and discounts, \$14,433,892.

BANK INCREASES DIVIDEND

The Southington (Conn.) Bank and Trust Co. has voted to increase its annual dividend from 6 per cent. to 8 per cent. annually.

BOSTON BANK DIVIDENDS

The First National Bank has declared regular quarterly dividend of \$4 a share, payable January 3, 1921, to stock of record December 23.

The Commercial National Bank of Boston has declared regular quarterly dividend of \$2 and an extra dividend of \$2 payable January 3 to stock of record December 23.

The National Union Bank of Boston has declared usual quarterly dividend of 2½ per cent. payable January 3, 1921, to stock of record December 22, 1920.

The directors of the State Street Trust Co. of Boston have declared regular quarterly dividend of 2½ per cent. payable January 3 to stock of record December 20.

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

THE close of the year sees the South getting on an even financial keel. It has been an emotional twelve months, with the people hitting all the high spots of hysteria, from the frenzied buying of the spring to the overall-movement of the summer; from the profiteer-madness of the autumn to a settling-down to real business in the winter. Even the cry "back to normalcy" has lost its rallying power, for the folks who used it so joyously a few months back have come to realize that the "normal" of 1914 would mean ruin. Any business that goes back is lost. The real normal—the normal of logical buying and selling and saving—has begun to arrive, the people feel, and the realization of this fact is what is stabilizing conditions.

Retail stores generally did a business bigger in volume this last December than they did during the same month of the year before. Money receipts were greater, too, despite the lower prices—lower by 30 to 40 per cent., in some cases. There is no doubt but that some folks lost money, but that happened before 1914. The real reason for the loud cries of distress is that it isn't so easy to make money. Business is now on a merit basis.

That the people are well supplied with money was proved by the record-breaking business after Christmas. From the principal cities of the South the same tale came—phenomenal buying. Some stores reported a bigger trade after Christmas than before—and they weren't kicking on the business before! This was due to the remarkable bargains offered, in order to clear their shelves before income tax time, and to get ready for the early spring, for Easter comes in March. But the fact must not be lost sight of, that the people couldn't have bought if they didn't have money—and the old pocketbook is usually at its last gasp the day after Christmas.

Not yet have the crops begun to move well; but the feeling is growing that the

farmers will not have lost as much as they think they are going to lose, when their production is finally liquidated. Students of economics are pointing out that it is not the number of dollars that counts, but what those dollars will buy—and unquestionably the purchasing value of specie has increased during the past few months. Indications are that merchandise will be 10 per cent. lower in 1921 than in 1920—though of course higher than the anti-income bargain counter sales of December.

The final estimate by the U. S. Department of Agriculture shows the 1920 cotton crop to be larger than the crop of any year since 1914. The lower price is therefore to some extent offset by the greater volume. The final estimate places the crop at 12,987,000 bales, exclusive of linters.



Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"



Profit-Sharing That Makes Bank Buildings Yield Greater Profits

Loyalty is good as far as it goes, but it doesn't go far enough.

Link up loyalty, however, with a personal interest, prompted by the interest it will yield in dollars and cents in a man's check, and you have loyalty, *plus*.

This loyalty, *plus*, among our profit-sharing employees, cuts down building costs on every bank we build. It cuts corners, *without* cutting quality.

It is but one phase of the Underwood Plan of the shortest distance between two points—a straight line.

The "pay-as-you-go" is another feature; the practical economy of which you will promptly appreciate.

Send for figure facts.



Underwood Contracting Corporation

Canal Bank Building
New Orleans, La.

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr.	President
C. R. BURNETT	Vice-President
ALEX. F. RYLAND	Vice-President
S. P. RYLAND	Vice-President
S. E. BATES, Jr.	Vice-President
JAMES M. BALL, Jr.	Cashier
THOS. W. PURCELL	Trust Officer

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

One of the leading cotton firms of the South advises that the present price of cotton is the knock of opportunity as insistent and as absolute as in 1914, of buy-a-bale memory.

"In the buy-a-bale year," this firm says, "many people took advantage of conditions then prevailing by buying cotton contracts at a price below the cost of production, with profitable results.

"Practically the same conditions prevail to-day, with the advantage of knowing there is less uncertainty as to the future than there was six years ago, when the fate of democracy and civilization were hanging in the balance."

The continued consumption of manufactured goods can only mean that the mills which closed down must reopen shortly; less capital will be needed to operate than in 1920, ocean rates are lower, Europe and Asia are in need of everything the United States produces. So it looks as if the wheels of industry will soon be whirling at full speed again.

The first export bank, formed in the United States under the Edge Law, was organized in the South in December. It is the Federal International Banking Com-

pany, which was originally projected on a \$6,000,000 basis, but already has grown beyond that. The capital stock is subscribed by the leading banks of Louisiana, Georgia, Alabama, Mississippi, Texas, Oklahoma, Virginia, the Carolinas, Arkansas, Florida and Tennessee. Headquarters are at New Orleans. It is thought probable that Virginia will come in, too. The bank will finance the foreign trade in the great staples of the South; it will have a lending power of \$100,000,000.

The consumption of rice is increasing, due to the national advertising plan of the rice growers of the South; and a future market is being created for this cereal, although the present market is still lagging under the enormous production. Export demand is developing.

Louisiana's sugar crop is turning out to be larger than was at first expected.

A noticeable improvement in demand for Southern pine has taken place in the Southeast; business is slightly in excess of the early fall volume, and there are indications that the gain will become progressively heavier.

General reports indicate that the number of mills which have voluntarily closed down

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

or made drastic reductions in output is being steadily increased, while many others are in a state of enforced idleness by the still weak demand. But production remains above the level of orders, though the surplus output is not great enough to produce a great accumulation of lumber.

Coal production in Alabama, despite the miners' strike, has continued to improve. Supplies of steam coal are plentiful, and the supply of domestic coal is approaching the demand.

Lower prices of pig iron have not induced any great amount of business with the southern manufacturers, and there has been a reduction in production. The piles of pig iron in the Alabama furnace yards have increased. Shipments of pig iron from the Birmingham district are in small lots that are few and far between. The scrap iron and steel market is still dull.

The naval stores market continues quiet.

In December the car shortage began to lose its acuteness. Railroads were able to load more into the cars and move them more miles a day. Then, too, the movement of agricultural products fell off. This gave the sand and gravel people an opportunity, and they began to catch up on orders for material for road-building and general building operations. Their business has increased about 200 per cent., and their prices have dropped.

There are still some clouds on the industrial horizon, but the sun is shining brightly. An illustration of the optimism that pervades the builders of business was furnished in New Orleans when the Jahncke ship repair plant was considerably damaged by fire in December, and the day after work of rebuilding on a larger scale was begun.

Instead of two docks, there will be three. The International Harvester Company announced during December it would establish a plant costing in the millions at New Orleans. A number of other industries have been established in New Orleans and other Southern places; many of those already established have increased capacity.

The situation, shade and sunshine, is summed up in the following conversation I had with a certain manufacturer:

"What do you think of conditions?" I asked.

"Never were worse," he said. "This is the first time I picked up my mail in the morning without finding an order."

"Are you cutting force?"

"Great Scott, no! I'm increasing force. This isn't going to last long. It'll be over in January or February. I'm preparing for the big demand I see coming."



NEW KENTUCKY BANK

The First National Bank of Stone, Ky., has been organized with a capital of \$50,000. R. L. Bailey is president and J. A. Newton is cashier.

RICHMOND BANKER GOES WITH ADVERTISING AGENCY

Philip E. W. Goodwin, vice-president and cashier of the Central National Bank, of Richmond, Va., has resigned that position to become active treasurer and financial manager of A. O. Goodwin, Inc., advertising agents, in which concern he has purchased a one-third interest. Mr. Goodwin will assume his new duties January 1, and will devote his entire time to the new business, but will continue as a member of the bank's board of directors.

Mr. Goodwin is a well-known Richmond banker and has been connected with the Central National Bank since its organization nine years ago. Before that time he was cashier of the old Bank of Commerce, which later became the Bank of Commerce and Trusts. Preceding his fourteen years in active banking, Mr. Goodwin was connected with the firm of E. B. Taylor Co., having entered its employ at the age of 15.

EXPORT BANK FORMED IN NEW ORLEANS

The Federal International Banking Company was organized in New Orleans last month with a capital stock of \$7,000,000,

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash

25 per cent. of which will be called for payment immediately. Decision to increase the capital of the institution to \$7,000,000 was reached when it developed from a canvass of reports that stock subscriptions actually received amounted to \$6,778,000, exceeding the desired \$6,000,000 by \$778,000.

New Orleans banks pledged the remaining \$222,000, and the organization committee thereupon voted to organize with a capital of \$7,000,000.

Subscriptions by states as actually received follow:

Louisiana, \$1,506,000; Texas, \$1,550,000; George, \$1,410,000; Arkansas, \$427,000; Alabama, \$543,675; Florida, \$112,000; Mississippi \$390,900; South Carolina, \$225,000; Tennessee, \$622,500.

The export bank, which will operate under a charter from the United States Government, bearing the approval of the Federal Reserve Board at Washington, and its organization under the most favorable and auspicious circumstances presages for it a period of long life and usefulness that will be reflected in the commercial activity of the South.

Under its charter from the Federal Reserve Board, the International Banking

Company will utilize and improve every privilege authorized by the provisions of the Congressional legislation known as the Edge Act, which was passed a couple of years ago to encourage and broaden the sphere of American banking activities and influences.

These activities will include the establishment of branch banks in foreign countries, especially in the war devastated sections of Europe, which require the raw products of the South, but unfortunately have no adequate banking facilities for securing them.

Under its charter as approved and in accordance with the provisions of the Edge Act, the Federal International Banking Company may issue debentures or sell acceptances ten times greater than its capital and surplus.

Since its capital is in excess of \$6,000,000 the institution will at its beginning be enabled to arrange and extend credit facilities exceeding \$60,000,000. This limitation will be increased as the capital of the bank is increased and its surplus grows, so that there is no estimating the eventual maximum credit facilities of the big export bank.

The immediate activities of the export

Opelousas National Bank

OPELOUSAS, LA.

Capital\$50,000

Surplus and Undivided Prof-

its106,300

E. B. Dubulsson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagall, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October 1, 1903. Collections solicited.

bank will be directed toward the movement of the cotton crop to foreign markets through the facilitating of credit arrangements that will enable European spinners to export from America thousands of bales of low grade cotton that are now contributing to depress the price of cotton and seriously interfere with the chief industry of the South.

HIBERNIA'S FIFTIETH ANNUAL REPORT

The following is quoted from the fiftieth annual report of the Hibernia Bank and Trust Company of New Orleans:

In submitting this, our fiftieth annual statement, it is gratifying to be able to report that, notwithstanding the abnormal conditions which we have had to face in the business and financial world, the net results for the year have been the best in the history of our institution.

Due to the material decline in the value of all southern commodities and the consequent reduction of balances carried in New Orleans by interior banks, our total deposits are lower than they were a year ago. Our earnings, however, show a substantial increase over the previous year, and after making liberal allowances for depreciations and losses they show the largest total we ever have had.

Our dividend disbursements were somewhat larger than usual during the past year. In addition to the regular dividend of 24 per cent., we completed early in the year the payment of the extra dividend of 10 per cent. which, by the unanimous consent of our stockholders, was invested in the common stock of the Hibernia Securities Company, Inc.

The business of the latter company has fully justified the expectations and predictions of the management. Notwithstanding the very uncertain tendency of the investment markets during 1920, the earnings were so satisfactory that we have felt justified in putting the stock on a dividend basis during the first year of the company's existence.

After writing down the securities carried by the Securities Company to their present low valuations, and setting up the necessary reserves for income and other taxes, we were able to pay not only the required 7 per cent. on the preferred stock, but also a total of 16 per cent. on the common stock, besides carrying forward a substantial amount to undivided profit account.

Inasmuch as all of the common stock is carried by five trustees for the pro rata benefit of the bank's shareholders, these dividends were in turn paid to the holders of Hibernia Bank stock, thus bringing the total cash divi-

dend disbursements on the bank stock up to 25.60 per cent. for the year.

The opening on May 1, 1920, of the New York office of the Hibernia Securities Company at 44 Pine street, marked another step forward in the gradual development of the company's business. The establishment of our private wire connections between the head office in New Orleans and the New York branch has proven to be very helpful and profitable, and we have found these modern facilities of great value to the bank as well as to the Securities Company.

On September 1 we celebrated the fiftieth anniversary of the founding of the bank, and it was a happy coincidence that we were able to combine with this ceremony the laying of the cornerstone of our new building. Since that time, the progress in the construction has been very satisfactory, so that there does not now appear to be any reasonable doubt that October 1, 1921, will find the bank as well as its tenants comfortably housed in the new building.

The demand for office space has been most gratifying, and notwithstanding the fact that we have been unwilling until very recently to sign leases to begin October 1, 1921, a very large proportion of the new building is already definitely leased at rentals fully commensurate with present building and operating costs.

Two more branch offices were opened during the year: one at Decatur street—directly opposite the French Market, and the other at Dryades—opposite the Dryades Market. This brings the total of our branch banks up to

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The subscriber who holds his bonds will not lose a dollar.

Market fluctuations do not change the intrinsic value of Uncle Sam's securities or affect his interest payments.

Liberty Bonds and Victory Notes

—backed by the nation's strength
—are the world's premier investment.

Buy All You Can Afford

at current advantageous market prices.

Government Loan Organization

120 Broadway

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All the Modern Languages

Con conversationally taught by native instructors, thus assuring correct pronunciation and accent.

With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

PRIVATE AND CLASS LESSONS—DAY OR EVENING

Terms Reasonable.

Catalogue on Application.

TRIAL LESSON FREE

GRAND PRIZES AT ALL EXPOSITIONS

The Berlitz School of Languages

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218 Livingston Street, Brooklyn, N. Y.

six, and each one has more than lived up to our expectations in the matter of deposits as well as of profits.

The number of our shareholders has been increasing steadily, with the result that the 20,000 shares of our stock are now owned by 394 men, 304 women, 10 partnerships and corporations, and 20 trust estates. The largest stockholder now owns 531 shares and the smallest individual holding consists of one share, which shows a rather unusual distribution of ownership for an institution of our size.

NEW INVESTMENT BANKING FIRM IN BALTIMORE

Brinkmann & Co., a new firm of investment bankers whose president is Walter S. Brinkmann, formerly president of the Continental Company, entered business at Baltimore January 1.

The other officers include Harry S. Middendorf, J. William Middendorf, Jr., Frank D. Naylor and Emory A. Stone, vice-presidents. These officers, together with Samuel L. Willard, of the Coca Cola Company, and J. Carroll Fahey, of John T. Fahey & Co., grain exporters, comprise the directors.

Prior to his connection with the Continental Company, Mr. Brinkmann was eastern representative of William Salomon & Co., New York bankers, in charge of the eastern territory. He had previously been assistant branch manager of William A.

Read & Co., New York. Mr. Brinkmann is a director of the Davis Coal and Coke Company and is active in other local business firms.

Harry S. and William Middendorf, Jr., were formerly members of the firm of Middendorf, Hartman & Co. They are sons of J. William Middendorf, Sr., widely known in investment circles through his connection with the Maryland Casualty Company, Virginia Railway and Power Company and other successful enterprises.

Mr. Naylor has been with the bond department of the Continental Company. He was formerly in the employ of the First National Bank.

Mr. Stone was in the banking and real estate business in Norfolk before the war. Recently he has been identified with P. H. Goodwin & Co.

W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital\$100,000
Surplus and Undivided Prof-
its 165,820
A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention
and be remitted for on day of payment.
Established 1866.



Building National Prosperity

THE progress and prosperity of any rural community is largely dependent on the initiative resource and producing skill of its farmer members. Wisely fostered and developed, American agricultural energy won a great war, and today the same energy is the basis for an infinite national prestige. The progress of the nation depends today on the profitable application of agricultural energy.

As a banker in daily contact with the requirements of farmers you are keenly aware of the vital necessity for practical power farming machinery to stabilize farm profits. There is no lack of the courageous enterprise of our pioneer forerunners — the farmer is as resourceful as ever in the face of tremendous difficulties, but to remain profitably in business he must have modern equipment. The secret of farm success today is dependable **power** — it is also the foundation of your success and of national prosperity.

Thoughtful bankers will recognize in Case Power Farming Machinery, products built in the spirit of constructive progress. Purchasers of power farming equipment, who give preference to Case machinery, generally become a preferred credit risk.

J. I. Case Threshing Machine Company
Dept. A401 - Racine, - Wisconsin

"NOTICE: We want the public to know that our plows and harrows are not the Case Plows and harrows made by the J. I. Case Plow Works Co."



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE YEAR has opened with a more hopeful feeling in business, but little if any relaxation in money conditions. Commercial liquidation has made further substantial progress, but the demand for funds from the agricultural sections is still very heavy. Whatever improvement in the credit situation has come about has been due principally to lessened industrial activity and curtailment of buying on the part of the public. The movement of farm products to market is still slow, and loans in this quarter are still near the high record figures which were touched early in October and again about the first of December.

It is necessary to go back a year in order to observe any improvement in the position of the Federal Reserve Bank, but when viewed with that perspective some gain is noticeable and there is additional cause for congratulation in the manner in which banking facilities have stood a test more severe than could have been foreseen a year ago. There has been a gratifying decrease in the rediscounts of paper secured by government obligations, which has released a corresponding amount of credit much needed in other directions. The reserve ratios of the Federal Reserve Bank of the seventh district reached the highest point of the year about mid-December, but there was another dip just before Christmas, when the heavy holiday demands for currency sent reserve note circulation up to a new high record figure of \$559,000,000. Borrowing by member banks was at its peak early in December and abated somewhat toward the end of the old year. Interest rates are not quotably changed, 8 per cent. being the minimum for commercial paper, with other forms of accommodation at 7 to 7½ per cent. The outlet for paper to country banks is much contracted by the heavy demand for funds from home interests.

Mild pressure has been brought to bear on banks in the agricultural region for a

reduction of loans, but it has had little effect. Officials of the reserve bank have made a tour of the district in furtherance of this mission and conferences have been held in Chicago with the same purpose. The case of the farmer and the farmer's banker is not without merit and the task of convincing him to the contrary is not an easy one. The reduction in prices of farm products has been far more drastic than in merchandise at retail and of this the rural producer is reminded every time he makes a purchase. When prices were satisfactory and he was willing to sell his products the railroads could not carry them. Now that crop values have undergone a shrinkage of some \$5,000,000,000 the farmer is told that credit stringency makes it imperative that he sell. The situation is aggravated by the fact that the rule is not always equitably applied. Hides are at very low prices, and this fact has been an important influence in depressing the market value of livestock. Herds in the west and northwest have been severely crippled by the forced selling of immature and breeding animals. Yet the leather auxiliaries of the packing companies have no difficulty in financing purchases of great quantities of cheap hides or in holding them against an improvement in the leather market. Michigan sugar companies furnish another case in point. Their output for the year is ready for market, and prices are so low that the question of profit or loss on the operation rests on a very narrow margin. Some of them are preparing to hold their sugar, for six months if necessary, in the hope that market conditions or prospective tariff legislation may bring

Alexander Co. Nat. Bank CAIRO, ILL.

Capital\$100,000
Surplus100,000

D. S. Lansden, Pres.

Chas. Feuchter, Jr., Vice-Pres.

J. H. Galligan, Cashier.

Frank Spencer, Assistant Cashier.

Send us your Cairo Items. Satisfaction
guaranteed.

COMPLETE FACILITIES and PERSONAL SERVICE

THE Northern Trust Company-Bank has this to offer in representing the interests of out-of-town banks and business men generally:

The services of a complete banking institution, embracing departments of Banking, Bonds, Trusts and Savings.

This bank preserves a real personal interest in the financial affairs of its customers, thereby rendering a more helpful service.

THE NORTHERN TRUST CO.-BANK CHICAGO

Capital and Surplus \$5,000,000

about an upturn. They are not having much difficulty in obtaining funds for this purpose.

These inequalities present one of the most perplexing phases of the readjustment process. There is a growing realization that it will take time to remove them and bring conditions back to normal operation of the law of supply and demand.

Retail business during the holidays was all that could be desired, but was distinctly different from the buying of the last few years of extravagance in that demand for useful articles predominated and the quest for bargains was more keen. Since the turn of the year trade has been stimulated by further reductions in prices and efforts on the part of merchants to clean out stocks of high-priced merchandise left over from the year-end rush. The response by the public to these offerings has not been over-enthusiastic. Immediately after Christmas there were a good many reductions of forces in industrial plants, one effect of which was to increase the restraint on buying.

The volume of wholesale business is smaller than at the beginning of last year and while merchants show a little more dis-

position to take hold of spring lines their attitude is still cautious and the policy of buying close to immediate needs, which has prevailed for months, probably will be continued for some time. The decrease in the sales of the large mail order houses, which began in September, continued through December, and signs of a revival are still lacking. The warm weather of the fall and early winter was responsible for much of this shrinkage, but it is now realized that the underlying causes of the check to public buying were deeper.

Factory production shows some effect of the decreased demand for goods, but there is a note of confidence in the manner in which manufacturers are going ahead with preparations to meet the demand which is expected later in the year. The larger steel mills are operating at about 75 per cent. of capacity, but there have been reductions in the forces of the smaller companies as buying has been almost at a standstill pending a revision of prices. There is capacity demand for rails and other track materials for the carriers, but only a few manufacturers can handle this line of business. Implement makers are following a conservative course in their production pro-

gram of the year, especially as to tractors, the demand for which has been affected adversely by the sharp decline in prices of farm products.

Building operations are almost at a standstill, but conditions are shaping themselves for much activity in this field in the spring. Prices of lumber, plaster board, heating apparatus and other materials are lower and the labor situation is improving, while the housing demand is great.

The automobile industry is marking time, few establishments operating at more than 50 per cent. of capacity, and these only the larger ones, while many of the smaller plants are shut down.

Costs of living are lower, although retail price reductions have not kept pace with those for livestock, grains, raw materials and wholesale merchandise. The trend of wages is downward and in some cases reductions have been accepted voluntarily. Overtures have been made in some of the printing houses for a modification of schedule. In the building trades there has been no change, but this is due more to the winter suspension of operations than to conditions in the trades. Unemployment there is on the increase, and opportunities for work in other fields which for a long time have enabled the building trades to maintain an independent position, are becoming fewer, so that when the time for a resumption of construction work comes in the spring the way probably will be open for a satisfactory readjustment of contracts.

An encouraging feature of the situation is the continued increase in the savings accounts at the banks, the gain for Chicago being maintained at about \$2,000,000 a week to the end of the year. Other deposits showed the usual seasonal shrinkage, but are beginning to pick up again now. Bankers believe the situation for the next two months at least is likely to remain rather close, as the March 1 settlement period in the granger states will be attended with fully as much difficulty this year as it was last and the general demand for money continues heavy.



FARMERS STATE BECOMES FARMERS NATIONAL

The Farmers National Bank, of Wellington, Kansas, has been organized with a capital of \$50,000. It is a conversion of the Farmers State Bank of the same place. L. J. French is president, and M. A. Princehouse is cashier.

First



Chicago

Developed through the growth and experience of more than half a century

The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

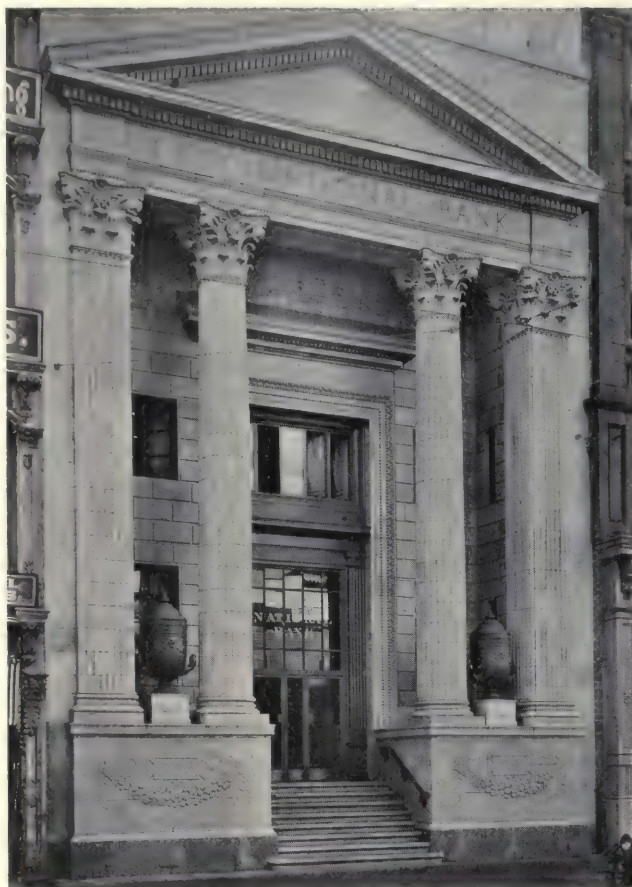
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First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**



The City National Bank, Galveston, Tex.
(Occupied October 1, 1920)

We place at your disposal through our Statistical and Estimating Department a country-wide knowledge of labor conditions and material markets. Preliminary estimates involve no obligation on the part of the prospective builder and we invite bankers to avail themselves of the services of this department.

WEARY AND ALFORD COMPANY

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For Correspondent Banks

we will, on request, purchase Prime Commercial Paper and Bank Acceptances and will also handle Bill of Lading items.

The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice President
S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

UNION TRUST COMPANY ORGANIZED

Since the preparation of the article which appears elsewhere in these pages the first meeting of the board of directors of the Union Trust Company has been held December 31. It was, undoubtedly, the largest board of directors meeting ever assembled in Cleveland and probably one of the most remarkable ever called together in the entire country. Out of a total of 80 members, 72 were present, and these 72 men represented the entire range of business and financial leadership of the community. The new bank started business at the beginning of the new year with 80 of the ablest directors that could be assembled, nearly 100 officers and 1,300 employees and it serves at the outside a quarter of a million depositors.

Following the meeting, expressions of the greatest enthusiasm and earnestness were heard from the many prominent men who left the directors' room. Perhaps the following from J. R. Nutt, the newly elected president of the Union Trust Company, is as expressive as any. "This is the greatest thing that ever happened to Cleveland or

in Cleveland. It is going to be more to make Cleveland known as a big business center the world over than any other one thing that could happen. Every banker and every business and financial man who has occasion to bring to mind the big leading banks of the country will at once line Cleveland with New York and Chicago as standing in the very forefront, but the bigness of this movement is in itself no way significant as the fundamental purposes of the officers and directors of the Union Trust Company to place the entire facilities of this great bank at the service of every legitimate business and every firm in this community regardless of the size of the account."

Some very interesting figures have been compiled in connection with the consolidation of the six strong Cleveland Banks which form the Union Trust Company. For the year 1919, the total bank transaction of Cleveland amounted to \$14,845,000,000.00. Of this total the six banks consolidating in the Union Trust Company handled 66 per cent. In 1920, these six banks handled 70 per cent. of the total banking transactions of \$18,225,000,000.00. During the past five years the banking transactions of all



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Service based on 37 years' successful ownership experience

Our complete service in coal property management includes Financing, Operating and Selling—every phase the practical development of our long experience as owners and managers in virtually all important bituminous fields.

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332 So. Michigan Ave. - CHICAGO

Operating 36 bituminous mines in 11 fields with annual capacity of 18,000,000 tons

Cleveland banks has increased 340 per cent.
The complete list of officers and directors follows:

OFFICERS

John Sherwin, chairman of board; J. H. Wade, chairman trust committee; J. R. Nutt, president.

Executive managers: G. A. Coulton, chairman, senior vice-president; J. R. Kraus, W. M. Baldwin, C. L. Bradley, vice-presidents.

Commercial banking department: G. S. Russell, A. B. Marshall, H. E. Hills, C. E. Farnsworth, E. E. Creswell, G. P. Steele, vice-presidents; W. C. Saunders, treasurer;

R. S. Crawford, secretary; J. G. Armstrong, T. J. Champion, R. H. Sharpe, assistant vice-presidents; F. W. Cook, B. A. Bruce, J. R. Geary, G. Q. Hall, E. W. Bourne, assistant treasurers.

Savings bank department: E. V. Hale, F. D. Williams, vice-presidents; R. B. Pettit, assistant vice-president; L. R. Miller, F. L. Frey, H. J. McGinness, assistant treasurers; C. W. Carlson, assistant secretary.

Banks and bankers department: F. J. Woodworth, C. W. Whitehair, vice-presidents; M. B. Koelliker, C. B. Anderson, H. R. Sanborn, assistant vice-presidents.

Securities and Investments: J. P. Harris, vice-president; Van R. Purdy, assistant treasurer.

Bond department: A. H. Scoville, vice-president.

Real estate loans: H. B. Corner, vice-president; O. C. Nelson, W. G. Stuber, assistant vice-presidents. W. H. Fowler, J. H. Caswell, assistant treasurers.

Corporate trust departments: G. N. Sherwin, vice-president; W. J. O'Neill, trust officer; W. H. Kinsey, W. A. Gibson, assistant secretary; G. H. Hull, assistant trust officer.

Transfer—Registration: H. L. Brown, assistant vice-president; W. A. Porter, C. J. Fairbanks, assistant secretaries.

Estates trust department: H. D. Messick, G. P. Koelliker, vice-presidents; E. C. Genee, J. C. Armstrong, assistant secretaries; L. H. Stofor, real estate officer.

Organization, business extension, publicity, personnel and service departments: Allard Smith, vice-president; J. H. Clark, assistant secretary; J. C. Anderson, assistant vice-president, manager business extension department; C. H. Handerson, publicity manager; H. O. Van Hart, J. P. Kraus, assistant secretary; W. A. Pfeiffer, assistant manager business extension department.

Credit department: William Tonks, assistant vice-president, credit manager; W. F. Copeland, assistant vice-president; Percy Gunther, E. R. Van Horn, A. L. Moler, assistant credit managers.

Foreign department: J. G. Geddes, vice-president; L. O. Carr, Jr., assistant vice-president; W. O. Stromberg, R. B. Small, assistant secretaries.

Income tax department: James Dunn, Jr., vice-president; George Brauer, C. G. Stark, tax consultants.

Euclid 101st office: P. T. Harold, assistant vice-president. West 25th Denison office: George Weckerling, H. B. Chappel, assistant treasurers. Real estate and building department: G. D. McGwinn, vice-president; M. S. Halliday, assistant vice-president.

Comptroller's department: P. S. Wiseman, comptroller.

Auditing department: W. F. Lynch, auditor.

DIRECTORS

Frank A. Arter; W. M. Baldwin, vice-president and executive manager Union Trust Co.; George Bartol, president Otis Steel Co.; Warren Bicknell, vice-president Lundoff-Bicknell Co.; Frank Billings, president Tod Stambaugh Co.; C. W. Bingham, president Standard Tool Co.; M. A. Black, president H. Black Co.; B. F. Botme, president Bourne-Fuller Co.; C. L. Bradley, vice-president and executive manager Union Trust Co.; A. C. Brown, president Brown Hoisting Machinery Co.; Harvey H. Brown, chairman Stewart Iron Co., Ltd.; N. S. Calhoun, president Johnstone & Jennings Co.; F. C. Chandler, president Chandler Motor Car Co.; G. N. Chandler, president Chisholm-Moore Manufacturing Co.; G. P. Comey, president Comey & Johnson Co.; H. W. Corning, president Standard Sewing Machine Co.; G. A. Coulton, senior vice-president and executive manager Union Trust Co.; W. J. Crawford, Jr., president W. J. Crawford Realty Co.; H. G. Dalton, Pickands, Mather

& Co.; M. B. Daly, president East Ohio Gas Co.; A. H. Diebold, secretary-treasurer Sterling Products, Inc.; W. M. Duncan, Squire, Sanders & Dempsey, attorneys; G. B. Durell, vice-president American Fork & Hoe Co.; C. E. Farnsworth, vice-president Union Trust Co.; F. B. Fretter, president National Refining Co.; F. H. Ginn, Tolles, Hogsett, Ginn & Morley, attorneys; G. W. Grandin, secretary Missouri Lumber & Mining Co.; C. A. Grasselli, chairman of board Grasselli Chemical Co.; E. R. Grasselli, vice-president and treasurer Grasselli Chemical Co.; Thos. S. Grasselli, president Grasselli Chemical Co.; H. E. Hackenberg, secretary Union Carbide & Carbon Corp., New York; E. V. Hale, vice-president Union Trust Co.; H. M. Hanna, Jr., M. A. Hanna & Co.; R. A. Harman, president Cleveland City Forge & Iron Co.; W. A. Harshaw, president Harshaw, Fuller & Goodwin Co.; F. H. Haserot, president Haserot Co.; W. S. Hayden, Hayden, Miller & Co.; Parmely W. Herrick, president Herrick Co.; F. F. Hickox, real estate; D. L. Johnson, H. H. Johnson, attorneys; Emil Joseph, attorney; Fred Joseph, treasurer H. Black Co.; A. D. Joyce, president Glidden Co.; R. T. King, real estate; J. A. Kling, president Kelly Island Lime & Transport Co.; J. R. Kraus, vice-president and executive manager Union Trust Co.; E. A. Langenbach, chairman of board United Alloy Steel Corp., Canton, Ohio; Bascom Little, Crowell & Little Construction Co.; Samuel Mather, Pickands, Mather & Co.; W. G. Mather, president Cleveland Cliffs Iron Co.; Otto Miller, Hayden, Miller & Co.; Ralph D. Mitchell, Buffalo Steamship Co.; Herman Moss, general agent Equitable Life Assurance Co.; F. E. Myers, F. E. Myers & Bro., Ashland, Ohio; Harry New, vice-president Landesman-Hirschelmer Co.; D. Z. Norton and Robert Norton, Oglebay, Norton & Co.; J. R. Nutt, president Union Trust Co.; C. N. Osborne, M. A. Hanna & Co.; K. V. Painter, real estate; James Parmelee, chairman of board National Carbon Co.; H. S. Pickands, Pickands, Mather & Co.; T. P. Robbins, vice-president Cleveland Hardware Co.; F. P. Root, vice-president Root, McBride Co.; G. S. Russell, vice-president Union Trust Co.; F. A. Scott, vice-president Warner & Swasey Co.; G. N. Sherwin, vice-president Union Trust Co.; John Sherwin, chairman of board Union Trust Co.; E. J. Siller, president Weideman Co.; Allard Smith, vice-president Union Trust Co.; Andrew Squire, Squire, Sanders & Dempsey, attorneys; S. E. Strong, Strong, Cobb & Co.; C. E. Thompson, president Steel Products Co.; G. A. Tomlinson, president and general manager Tomlinson Lines of Steamships; J. H. Wade, chairman trust committee Union Trust Co.; J. H. Wade, Jr., Wade Realty Co.; Whitney Warner, W. H. Warner & Co., Coal; W. C. White, vice-president White Motor Co.; Windsor T. White, president White Motor Co.; F. J. Woodworth, vice-president Union Trust Co.

HOME NATIONAL BANK

The Home National Bank of Elgin, Ill., had total resources on November 15 of \$2,071,439.37, and deposits of \$1,488,756.41. Its allied institution, the Home Trust and Savings Bank on the same date had total resources of \$1,702,451.05, and deposits of \$1,498,896.13.

DEATH OF CHARLES L. HOWARD

Charles L. Howard, cashier, of the West Side Bank, of Evansville, Ind., died on December 18th.



Out in the Northwest

A BANK with resources
of over \$100,000,000
—the leading financial institution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

REMARKABLE DEPOSIT GROWTH

The Parsons Commercial Bank of Parsons, Kansas, has increased its deposits from \$642,745.47 on Sept. 15, 1915, to \$1,467,094.42 on Dec. 18, 1920.

CITY NATIONAL BANK OF DULUTH

The City National Bank of Duluth, Minn., on November 15, 1920, had total resources of \$7,511,556.65, and deposits of \$6,139,571.54.

"PIONEERS IN BANK ADVERTISING"

During the two weeks before Christmas, the National Bank of the Republic of Chicago had on exhibition in the lobby its unique advertising display shown at the recent American Bankers Convention in Washington, D. C.

Under the caption "Pioneers in Bank Advertising," the development of the bank's publicity was told in a series of advertisements dating back as far as 1895. These announcements recalled to many patrons, who began business with the "Republic" over a quarter of a century ago, the early advertising of the bank in newspapers, national magazines, on cards in Illinois Central suburban trains, and in the mail. The display consisted of five large panels and attracted much attention both among customers and employees.

NATIONAL CITY CLUB HAS CHRISTMAS PARTY

The National City Club, whose members are directors, officers and employees of the National City Bank of Chicago, held a unique Christmas party on December 16 in the lobby of the bank. More than 250 were present.

There was a real Christmas tree and a chimney filled with gifts which were distributed by one of the officers of the bank, dressed as Santa Claus. David R. Forgan, the president of the bank, announced that a bonus would be paid each employee on a graduated scale, from 10 to 14 per cent., based on length of service.

MADE ADVERTISING HEAD OF CONSOLIDATED CLEVELAND BANKS

C. H. Handerson has been appointed advertising manager, effective January 1, of the Union Trust Co., just formed by the merger of four Cleveland banks—Citizens Savings & Trust Co., First National, Union

Commerce National, and First Trust & Savings Co.

For five years Mr. Handerson has been advertising manager of the Cleveland Twist Drill Co., and prior to that was with the Fuller & Smith agency. He is a member of the faculty of the Western Reserve University Extension Course in advertising, and is a director and vice-president of the Cleveland Advertising Club.

FIRST NATIONAL BANK'S REPORT

The following is quoted from a report of Jas. B. Forgan, chairman of the board of the First National Bank, of Chicago, to the stockholders of that bank:

The statement of the First National Bank as compared with its statement of a year ago shows an increase in loans of \$17,353,712 and a decrease in deposits of \$31,293,718. This change has been partially met by a decrease of \$16,282,924 in the amount of government securities held by the bank. The bank's statement reflects the tense situation in regard to commercial credits but indications are that liquidation is progressing steadily and that a return to more normal conditions may be looked for during the coming year.

In the First Trust and Savings Bank, savings deposits have steadily increased throughout the year and now amount to \$62,875,151 against \$54,342,641 a year ago and \$44,891,531 two years ago, while other deposits show \$24,851,338 against \$26,198,983 last year and \$23,154,581 two years ago.

The earnings of the First National Bank are \$3,346,663.54 as compared with \$2,410,490.02 for the previous year, while the earnings of the First Trust and Savings Bank are \$1,770,025.52 as compared with \$1,476,613.20 last year.

The combined operations of the affiliated banks show earnings for the year of \$5,116,689.06 against \$3,887,103.22 last year. These profits are net after provision has been made for depreciation and for all losses realized or anticipated, including a liberal provision for contingencies as well as for Federal and local taxes.

The dividends paid amount to \$2,475,000, leaving surplus earnings for the year of \$2,641,689.06. These combined profits show earnings for the year of 13½ per cent. on the average aggregate capital employed which compares with 11½ per cent. last year.

On July 1 the capital of the First National Bank was increased from \$10,000,000 to \$12,500,000 by an issue of \$2,500,000 stock to the shareholders at par and the capital of the First Trust and Savings Bank was increased from \$5,000,000 to \$6,250,000 by an issue of \$1,250,000 in the form of a stock dividend to the shareholders. Each bank has now a surplus equal to its capital besides a substantial balance in profit and loss account.

NATIONAL BANK OF COMMERCE HAS GOOD YEAR

The following is quoted from President Lonsdale's annual letter to the stockholders of the National Bank of Commerce in St. Louis:

Our net profits during 1920, after deducting taxes, have been approximately \$1,600,000. Of this amount \$600,000 was paid in dividends; \$30,000 was applied to the building



There are two times
when you need an ac-
count with the Commerce

*1st: When you have surplus
funds*

2nd: When you haven't

When you have surplus funds, you need a safe place
to deposit. Our invested capital for your protection
is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need
a place to borrow. Our resources are over \$95,000,000
—and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

fund; and the remainder was added to the
surplus and undivided profits fund, which now
stands at about five and one-half millions.

In view of the satisfactory earnings of the
bank, the directors, at their meeting on De-
cember 21 considered the question of raising
the dividend rate. It was the general opinion
that some increase in returns to stockholders
should be voted, but, in view of the period of
readjustment through which business is pass-
ing, it was deemed wise that this increase
should be a moderate one. A rate of 7 per
cent. was therefore agreed upon, effective im-
mediately; and the enclosed quarterly dividend
check is at the rate of \$1.75 per share, in-
stead of \$1.50 as heretofore. In connection
with the matter of returns to stockholders, it
is not inappropriate, I think, to direct your
attention to the fact that since August, 1915,
the market value of our ten million dollars of
stock has increased more than four million
dollars. During the same period, there has
been a net addition to our undivided profits
account of three and one-quarter million dol-
lars, exclusive of \$250,000 which has been
charged out of this account and expended for
the improvement of our buildings.

Goose rhymes and drawings printed in four
colors with the original verses changed only
so as to apply to the whole general idea of
thrift. Thus, the Old Woman Who Lived
in a Shoe says of her children, "But hunger
and want are things I don't crave, so I'll
rear all these children and teach them to
save," and Jill says to Jack, "I'll allow,
I've money in the savings bank, I'll never
fall down now." This freshness both in
text and art work is such that the hack-
neyed subject of thrift is presented in more
than a readable light. In three days, the
Continental and Commercial Banks gave
out over 17,000 copies of this book to some
15,000 people who called in person at the
institution. The requests have been so
heavy that the supply of copies has been
exhausted.

"THRIFT AFTER MOTHER GOOSE"

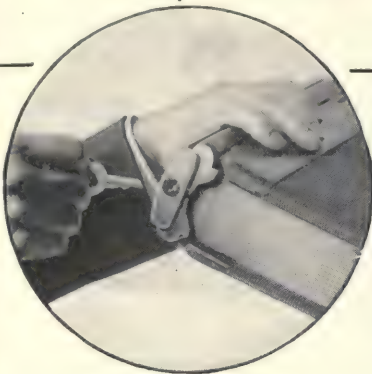
The Continental and Commercial Banks,
Chicago, have recently published a booklet
on savings entitled, "Thrift After Mother
Goose." In the estimation of bankers and
advertising men all over the country this
work is "something entirely new in savings
psychology." The book, 9 inches by 12
inches, is a collection of twelve Mother

J. C. SCHROEDER RECEIVES NEW APPOINTMENT

The Chicago and Cook County Bankers
Association, an organization of one hundred
and ten banks, located outside the Chicago
loop with deposits aggregating more than
four hundred million dollars, has elected
Joseph J. Schroeder executive secretary.
Mr. Schroeder, who is already executive sec-

Absolute security

to your loose leaves



The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, has been using Mann Yale Lock Loose Leaf Ledgers, as illustrated above, for many years.

A YALE lock, which is a part of the binder, holds every leaf as securely as though they were in a bound book.

Only the man who holds the Yale key can insert or extract a leaf.

These Loose Leaf Ledgers are all you would expect of a Mann product—made of steel, 100% expansion; of finest quality paper; with durable binding.

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Office Stationery and Supplies

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cretary of the Chicago Chapter, American Institute of Banking, will hold both positions with offices at the headquarters of the Chicago Chapter at 26 North Dearborn St. This move on the part of the Chicago and Cook County Bankers Association is a forward movement on the part of an association which has already been largely productive of good among its members and which can be expected to bring about still greater cooperation among outlying and suburban banks. John A. Carroll, who recently gained some renown by going out and capturing the bandits who held up one of the messengers of the bank of which he is president, the Hyde Park State Bank, is president of the Chicago and Cook County Bankers Association.

LIVE STOCK FINANCE CORPORATION

For the benefit of those who may be interested, and particularly for the information of applicants or those who may contemplate making application for loans from the Live Stock Finance Corporation, Chicago, the executive committee has made public the following facts and comment:

The Live Stock Finance Corporation, and its supporting pool of \$22,000,000, contributed by Chicago, New York and Boston banks, is the outgrowth of repeated representations to the bankers of those cities of the distress of live stock producers occasioned by their inability to finance breeding herds, with consequent forced marketing of such live stock, to the permanent injury of the industry. The Corporation itself has a nominal capital of \$1,000. Consequently, from its own resources it is not able to render any assistance in the shape of loans to the industry. The ability of the Corporation to make loans rests upon the funds underwritten for the use of the Corporation by the bankers. Therefore, the conditions of the underwriting as to the character of loans that shall be handled by the Corporation and the terms upon which loans may be handled must control absolutely the action of the officers of the Corporation in the consideration of loans.

With reference to the character of loans and the terms and conditions upon which they may be handled, the underwriting agreement, which is the contract between the Corporation and the subscribing banks, contains the following:

"The Corporation by its Board of Directors, acting through the above committee, shall purchase at the rate of discount of 10 per cent. from cattle loan companies and banks such endorsed paper as shall, in their entire discretion, best carry out the purposes of the corporation, but not to exceed the maximum engagements of the subscribing banks and subject to the limitations that such paper shall not be purchased except in case of the inability of the applicant cattle loan company or bank to carry the account, and that such paper shall not represent loans made for feeding or speculative purposes; it being understood that the only loans to be taken care of hereunder are breeding or producing loans already made and those only in case liquidation by shipment to

market of the stock or immature animals is imminent. All such loans in addition to endorsement shall be properly secured by chattel mortgages on live stock with an adequate collateral margin and/or other satisfactory endorsement or guarantee."

From this it will be seen that the Corporation cannot deal directly with individual live stock producers, that it must consider only those loans which are presented through live stock loan companies and/or banks, that its funds cannot be used for the purpose of making new, feeder, or speculative loans, but must be used exclusively for assisting banks and/or live stock loan companies in carrying loans already on their books, and then only when such loans are secured by chattel mortgage on live stock of the character commonly known as breeding or producing herds, and further with the endorsement or guarantee of the bank or live stock loan company offering the paper.

The underwriting agreement provides that loans taken by the Corporation shall have a maturity of not exceeding six months from date of acceptances, but may be subject to an extension for a further period of not exceeding six months, by the Board of Directors in their discretion as the interest of the Corporation shall require. From this it will be observed that the ability of the Corporation to carry paper is limited absolutely to a period of twelve months from the date of its acceptance by the Corporation. The rate at which the Corporation may make loans is definitely fixed by its contract with the subscribing banks, as indicated above, at 10 per cent. This rate, therefore, will be the only rate at which the officers of the Corporation may discount paper. The underwriting agreement further provides that loans will be made by the subscribing banks to the Corporation at 8 per cent., and that the spread of 2 per cent. between the rate at which the Corporation discounts paper and the rate at which the bank makes loans to the Corporation, shall be held by the Corporation as a guarantee fund, first to cover necessary expenses of the Corporation, and second, as a protection against any losses the Corporation may sustain. Further, the agreement provides that any surplus over and above the amount of capital stock remaining in the hands of the Corporation at the time of its dissolution and over and above all expenses of every kind, including losses, if any, shall be divided among the live stock loan companies and/or rediscounting banks in proportion to the aggregate amount of interest paid by such banks or live stock loan companies to the Corporation.

Inasmuch as none of the officers of the Corporation, except perhaps the assistant secretary or treasurer, who will be responsible for the details of its operations, will draw any salary, the expenses of the corporation will be confined to organization expense, stationery, clerical help, investigations, etc. It is therefore possible that some refund will be received by the rediscounting banks and loan companies.

The executive committee desires to administer the business of the corporation with as little delay, red tape, or other inconvenience as is possible. At the same time, they must conform without any variation to the terms and conditions herein contained. They have no discretion, so far as such matters are concerned, hence those banks or live stock loan companies which desire to submit applications to the Corporation should first determine whether or not the paper they will submit comes within the description of the character of paper the Corporation can handle, and whether or not they wish to do business with the Corporation upon the terms herein set forth.

Correspondence should be addressed to the Live Stock Finance Corporation, Room 763 Rookery building, Chicago.



A Bank of Vision

Because they had vision, the pioneers, Lewis and Clark, were able to see the vast unexplored region beyond the Mississippi alive with prosperous farms, with teeming industry, with growing cities.

The officers and directors of the First National Bank—leading business men every one of them—have this *vision*, this ability to look ahead and sense the possibilities of the future.

This power to foresee and prepare accordingly is a most valuable asset to our patrons in times like these.

Capital and Surplus

\$15,000,000.00

Total Resources

\$170,000,000.00



FIRST WISCONSIN CHANGES

August W. Bogk, cashier of the First Wisconsin National Bank, of Milwaukee, was promoted to vice-president by the board of directors at their last meeting. A. C. Casper, assistant cashier, was made cashier, and Fred R. Sidler, George C. Dreher and F. K. McPherson, assistant cashiers, were made assistant vice-presidents. Herbert G. Zahn was promoted to assistant cashier.

Charles M. Morris, trust officer of the First Wisconsin Trust Company, was elected a vice-president. Clyde H. Fuller, treasurer, was named secretary to succeed Douglas F. McKay, resigned. W. I. Barth, assistant secretary, becomes treasurer. George B. Luhman, a Milwaukee attorney, succeeds Mr. Morris as trust officer.

PROF. MOULTON BECOMES A. I. B. MEMBER

Professor Harold G. Moulton, of the School of Commerce and Administration of the University of Chicago, well-known economist and author, whose latest work, "The Financial Organization of Society," is attaining wide popularity, has been elected an honorary member of Chicago Chapter, of the American Institute of Banking in recognition of his service to that organization.

A. H. SCOVILLE TO HEAD BOND DEPARTMENT OF CLEVELAND CONSOLIDATION

Co-incident with the consolidation of the First National Bank, the Citizens Savings & Trust Company, the Union Commerce National Bank, the First Trust & Savings Company, the Woodland Avenue Savings and Trust Company, and the Broadway Savings and Trust Company, into what became the Union Trust Company, of Cleveland, January 1, 1921, the strong bond department heretofore maintained by the First National Bank will be greatly enlarged and developed under the direction of A. H. Scoville, who has been appointed vice-president.

Mr. Scoville has gained wide recognition in investment circles through his work as manager of the Cleveland office of Wm. A. Read & Company, Investment Bankers, New York. He brings to his work at the Union Trust Company an extensive experience with the highest type of securities. Under his direction the bond department of the Union Trust Company will participate in the handling of large syndicated issues

and will also originate issues with security of the highest type. In addition to its extensive wholesale operations, the department will maintain an active retail organization.

The department will deal principally in high-grade bonds and notes but will also handle the highest type of preferred stocks. Securities will at all times be bought outright by the bank in keeping with the long established policy of the First National Bank in submitting to customers only such



A. H. SCOVILLE

Vice-President Union Trust Company of Cleveland
and head of bond department

securities as warrant the investment of the bank's own funds.

With the enormous backing of the Union Trust Company and its extensive facilities for undertaking the broadest scope of financial activity, this enlarged bond department will be in splendid position to maintain a service of the first rank to its customers among banks, corporations and individuals.

M. E. HOLDERNESS ELECTED PRESIDENT OF THE KIWANIS CLUB

Marvin E. Holderness, vice-president of the First National Bank in St. Louis, and

former president of the most active advertising club in America, has been elected president of the Kiwanis Club, one of the most progressive clubs in St. Louis at the club's luncheon meeting, December 16th.

The election of Mr. Holderness augurs well for the Kiwanis Club as he has made a wonderful record for himself in St. Louis as an executive and leader and has established a large circle of friends. He is well known in financial advertising and university circles, being one of the originators of progressive bank advertising and author of several books on the subject, as well as contributing to the leading financial magazines. He has been president of the Sigma Alpha Epsilon Fraternity, a Greek-letter Society represented in the leading universities in the county. He is also vice-president of the Missouri Athletic Association. Mr. Holderness was also one of the first presidents of the Financial Advertisers' Association and is still prominently identified with the direction of its activities.

A native of Arkansas, Mr. Holderness was born at Fordyce. He was educated at Vanderbilt University. After being graduated, he became associated with F. O. Watts, in the capacity of cashier of the First Savings and Trust Company, of Nashville, Tenn. He came to St. Louis in 1914 and entered the employ of the Third National Bank, which has since become the First National Bank in St. Louis, the largest financial institution West of the Mississippi.

DISTRIBUTES IMPLEMENT POSTERS

The J. I. Case Threshing Machine Company, of Racine, Wis., is distributing a number of artistic posters illustrating the mechanism of various agricultural implements manufactured by this company. These would make interesting wall displays for banks in farming communities.

NATIONAL CITY DECLARES EXTRA DIVIDEND

The National City Bank of Chicago has declared an extra dividend of 2 per cent. on its capital stock, in addition to the regular quarterly dividend of 2 per cent., both payable December 31 to stock of record December 31.

**JOHN G. LONSDALE A RESERVE
BANK DIRECTOR**

John G. Lonsdale, president of the National Bank of Commerce in St. Louis, has



100% BANK PROTECTION FROM GUNMEN

PROTECTO
BULLET PROOF
MONEY PASSAGES
and MONEY GATES

PROTECTO
AUTOMATIC DOOR
CLOSING and LOCKING
APPLIANCES

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BANKERS PROTECTIVE
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AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

been elected a Class A director of the Federal Reserve Bank of St. Louis. Mr. Lonsdale had plenty of competition for the honor. A pretty race developed, and much interest was manifested in the outcome.

NEW YORK NEWSPAPER COMMENTS ON BROTHERHOOD BANK

The New York *Tribune* recently made the following editorial comment on Cleveland's new co-operative bank:

At this moment in the nation's history, when the heralds of prosperity seem inarticulate, it is interesting to learn from Warren S. Stone, president of the Brotherhood of Locomotive Engineers' Co-operative National Bank, at Cleveland, that results have surpassed expectations. This is the only national bank in the country owned and operated by a labor organization. Writing to the financial editor of The *Tribune* at the end of the first month's business, Mr. Stone, who is also chief of the brotherhood, said: "We have now been in business thirty days, and the results obtained thus far exceeded even our expectations. One

of the remarkable things about the bank, so far, is that the savings accounts are greater than the checking accounts up to date. This is unusual with national banks, as I am told by other bankers that the checking accounts are generally in the ratio of three to one with the savings accounts, but with us it has been exactly the opposite, so that the bank is really accomplishing what we started out to do." Students of finance are watching this experiment with much interest, because it represents a new expression of the power of labor. Mr. Stone has indicated that the bank does not represent a revolt against existing banking methods, but rather an attempt to invest brotherhood funds profitably. In proportion as the leaders of the new institution adhere to sound banking methods and eschew the temptation to yield to the urge of sentiment or politics, the brotherhood bank is likely to succeed.

CARTHAGE BANK CONSOLIDATION

The Carthage National Bank, of Carthage, Mo., has been liquidated effective December 4th and consolidated with the Bank of Carthage.

BANK OPENS TARGET RANGE FOR CLERKS

Robbers will find employees prepared to receive them should they decide to visit the Union Savings Bank and Trust Company, of Cincinnati, Ohio.

"For the benefit of bandits," said Edgar P. Stark, vice-president, when he announced that a target range is being installed in the basement of the bank. The weapons at the range will be at the disposal of employees and revolver practice is to be made a part of the regular routine of the institution.

NATIONAL STOCK YARDS NATIONAL BANK

The National Stock Yards National Bank, of St. Louis, Mo., had total resources on December 29, 1920, of \$15,346,452.50, and deposits of \$11,367,341.08.

SECURITY

Absolute protection and security is afforded by Invincible Safe Deposit Boxes. The patented "Lock Behind the Lock" barricades the door and stops the yeggman no matter what his methods. Sectional construction makes for flexibility and higher earning power. An installation of 30 Invincible Safe Deposit Boxes yields an average annual cash revenue of 43% on the original investment.

For full details, write today to the

Invincible Metal Furniture Co.

Manitowoc

Wisconsin

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

ABSENCE of a strong domestic and foreign purchasing power is nullifying to a large degree the influence of the heavy yields of crops in the business of the Western states. As the Western states enter another new year, their farmers, their stockmen, their manufacturers, oil producers, bankers and other trade interests, while grateful for the abundance of crops and other products, are depressed on account of the extremely disappointing demand. The Western states rarely, if ever, entered a new year with greater resources in staple commodities. However, there is growing unemployment, increasing slack in general business and continued stringency in money. Only a broadening of the demand for its abundance of the necessities of life will effect improvement.

Practically every product in which the Western states are interested recorded additional declines the past month. In view of the available supplies, this would not have been so disappointing had the declines not occurred at a time when receipts of wheat, corn, cotton, livestock and other products were comparatively light. The recessions in prices in the face of the comparatively light receipts emphasized the disappointing character of the demand on markets. What will happen when marketings increase, as they must? Is it not necessary for the Western states to be content with very slow liquidation of loans so long as markets display no greater absorptive powers? These questions were prompted during the month by price developments.

Bankers exerted greater pressure in their efforts to accomplish liquidation. Additional failures of small banks in North Dakota and in Oklahoma, Kansas, Nebraska and Colorado stimulated efforts to effect liquidation. At this writing, thirty-five banks are reported to have closed their doors in North Dakota, while there have been twenty failures in the portion of the Western states designated as the Southwest, including the

states of Oklahoma, Kansas, Nebraska, Colorado and Wyoming. In North Dakota bankers are co-operating commendably to improve the financial situation, having called upon farmers to market wheat more freely. In Kansas not a few bankers have employed motor trucks in going to the bins of farmers having loans to meet, taking the grain from them and selling it to effect liquidation which the producers themselves refused to undertake at current prices for the bread grain. The Kansas bankers were assisted in these extraordinary measures by officers from their city correspondents. Instead of being followed by the reprisals threatened by the farmers, these measures have apparently stimulated confidence in the banks. What, by the way, is more conducive to confidence in country banks than the evidence furnished by a stream of motor trucks that these banks are collecting on their loans and increasing their reserves? In addition, the downward tendency of wheat prices has even mollified the farmers from whose bins wheat was forcibly taken, as the bankers who resorted to such measures obtained more for the grain than the producers doggedly holding it could now realize on markets.

The bank failures, which, it should be remembered, are insignificant in number compared with the great number of banks in the Western states, have had a wholesome effect in strengthening the determination of country bankers to oppose the holding campaigns of farmers for higher prices. At the same time, farmers themselves have gradually modified their attitude toward the country bankers and have reduced their insistent demands for more credit, contracted the volume of their spending and manifested greater willingness to sell crops at every opportunity. There is, however, still a widespread holding tendency. To a degree this is necessary because of the demand situation on markets.

While there are many instances, as in every other part of the country, of over-expansion in loans, the underlying conditions in the Western states indicate unquestionably a fundamentally sound financial structure. Elaborate and almost endless

statistics are available in support of this statement, but it is hardly necessary to cite more than one instance. Take the Federal Reserve Bank of Kansas City as an example. Its total loans are about \$146,000,000, or approximately \$54,000,000 in excess of the volume at this time a year ago. Only recently the secretary of the Kansas State Board of Agriculture, who has a high reputation for accuracy, issued a compilation showing that Kansas farmers still hold 77,000,000 bushels of wheat on their farms, compared with 50,000,000 a year ago and only 10,000,000 bushels two years ago. In addition, Kansas alone enters the winter with a corn crop of 132,786,000 bushels, compared with only 63,083,497 a year ago. Equally important is the fact that the Southwest has for months been called upon to retire live stock paper held for it by banks of the East. Estimates of the reduction in the holding of Southwest cattle paper in the East are as high as 65 per cent., which means that the banks of the Western states, including the Federal Reserve Bank, of Kansas City, have been forced to carry loans which they had sold a year ago. More than normal reserves of crops and increased supplies of fed live stock are available for sale in practically all of the Western states. The wool clip of 1920, which should have been sold months ago, is still largely in the hands of flockmasters. In time, of course, these and other products will be sold. The degree of success attending the sales will determine the extent of the progress of banks in effecting liquidation.

Of all the farm and range products in the hands of producers, wheat has made relatively the best showing. Happily, the wheat market has been favored with a large foreign demand. Exporters, in fact, have been the principal buyers of the bread grain, and more of it has been sold the past six months than in any other similar period in the history of the country. Still, the domestic demand has been so light, owing to the cautiousness of big flour buyers whose credit is limited by the strain in money in the East, that prices have been receding. Just now there is nervousness in the wheat market on account of the approaching new crop wheat movement in Argentine, as there is a possibility that this will reduce foreign competition for the bread grain in the United States.

While unusually large holdings of corn are awaiting sale, the country appears to be so well supplied with feed and live stock markets are so weak that there is no little doubt as to the ability of dealers to find

outlets. This will affect Nebraska more than any other of the group of Western states. Oats are also weak. Exorbitant freight rates continue to depress the trade in hay. The Union Pacific railroad has reduced freight rates on alfalfa from Idaho to Missouri River points from \$15 to \$10 a ton to aid the growers in finding outlets, as the \$15-rate dammed up their crop, but the result thus far has been only to weaken prices of hay. What the hay trade needs is a general reduction in freight rates, especially to the large consuming areas of the East and South. Incidentally, agitation is growing among farmers and stockmen for a general reduction in freight rates owing to the abnormal relationship now existing between railroad tariffs and farm and range products prices. In Oklahoma cottonseed and cotton are at the lowest levels in more than four years, but it will be found that the financial position of this state is stronger than that of any other Western state.

In cattle and sheep and horses and mules, a condition approaching demoralization exists. Cattle and sheep out of feed lots are not returning first cost to feeders. Packers are complaining of excessive offerings, although the movement from feed-lots has hardly begun. Colorado and Nebraska have more than 1,150,000 fat lambs to move the next few months, and at current prices face a loss of more than \$3 a head. Cattle and hogs are at the lowest level since 1916, while sheep and lambs are at the lowest prices since 1913. Recent declines in fat cattle have been of a sensational character, the bulk of the fed steers coming to Kansas City now bringing only \$8 to \$9.50. Dealers in mules and horses cannot recall a time in their long experience marked by the stagnation in demand which they have felt the past month and, in fact, since August. Prices are down as much as \$125 a head on mules. The declines are the result of the absence of the cotton states of the South from the market for horses and mules.

While mid-Continent crude oil prices are still quoted at \$3.50 a barrel, two large purchasing companies have announced reductions in the volume of their buying. There is a continued weakness in refined petroleum products. It is believed that declines are near in crude oil prices. The reduced demand has further restricted new development and production work. Coal mining interests complain of a lack of orders. The copper, zinc, and lead industries are in many instances almost at a standstill. Lumber has declined to new low

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) \$1,000,000
Total Resources (Over) . \$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

levels, being down 60 per cent. from the high point of 1920, with no immediate turn for the better in trade in sight, except possibly by spring.

Retail business is sharply below the volume of a year ago, owing to the reduced purchasing power of the Western states. Since Christmas reductions in prices have helped business of retailers, but their quotations are still out of line with farm and live stock products changes. Unemployment shows a general increase, and January probably will see more idleness and wage reductions. Rents have begun to recede, but important declines are yet to come. Wage earners are finding rents increasingly burdensome. Even retailers who made leases of buildings on the basis of inflated prices are finding themselves embarrassed.

Naturally, farm demands for federal credit aid and for market reforms are strong, but radicalism will hardly prevail. It is becoming more and more evident that natural processes will prove more helpful than tariff legislation and other laws proposed by Congress to relieve the agricultural interests of the Western states. European events are being followed closely, for the reduced buying power of the Old World is recognized as the primary cause of the de-

pression in the Western states. Improvement in Old World conditions are counted upon to assist greatly in reviving Western business.



DAKOTA BANK RELIEF PLAN

According to a dispatch to the New York Times organization of a finance corporation with a capital of \$1,000,000, all stock to be owned by banks of North Dakota, has been announced by the Finance Committee of the North Dakota Banking Association. The purpose is to meet the situation created by the refusal of farmers to dispose of their products at prevailing low prices.

Through this corporation bankers propose to pool their securities, such as county, village, township and school warrants and farm mortgages and seek a market for them in Eastern money centres.

George Hollister, of Fargo, chairman of the committee created to handle the details of the plan, said that about \$15,000,000 in securities were held by the banks of the State, much of which it is expected to clear through the corporation. In addition to sale of securities, Mr. Hollister said, it is proposed to issue debentures against securities which the organization may handle.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By T. F. DONNELLAN

CONSIDERABLE headway is being made in the process of deflation and the downward price movement has been more precipitate during the past month than before. In an effort to reduce stocks merchants are resuming the conduct of sales which were relinquished in the face of stimulation given retail business by the holiday trade, but even yet people are not buying. They have the money but are influenced by the belief that prices will decline further. This situation has also shown itself in the securities market, many having sold their holdings at low prices to establish losses for income tax purposes, but not reinvesting the money thus realized into the market. The movement in lumber and building materials is slow and many mills in Washington and Oregon are closed. In the automobile industry there has been a reversal of feeling and the belief is that conditions in this line have been pretty well stabilized. Wholesale trade in clothing and textile lines is quiet. Collections are reported as slow and there is considerable unemployment, some of this due to the unusual release of workers from the harvests.

All over the West producers and growers are holding back their produce for better prices. Barley and wheat are both being held and dried fruits have suffered some declines from being offered in an indifferent market. Wool growers have not been offering their clip, expecting higher prices before spring. Neither have the cotton growers been offering their crop in the same expectation. Grapes and raisins produced bumper crops in California and have been commanding excellent prices. The harvesting of citrus crops in California is progressing satisfactorily. The crop is estimated at 25 per cent. above last year, but prices are lower. Marketing of the rice crop lags and little has been sold at the base price fixed by the association. Through low prices and the heavy damage by recent rains most rice growers will lose heavily and it is a

certainly that next year will find a reduced acreage.

The situation in Nevada and Utah is not enviable. The livestock industry is in something of a bad way and neither gold nor silver mining is proving remunerative at present. In Alaska, although the value of mineral production in 1920 increased over the preceding year, the gain is attributed almost entirely to the output of copper. Gold production was severely handicapped by high operating costs. Completion of the government railroad from Seward will aid materially in restoring the gold output of Alaska, bringing transportation to localities where carriage costs have been prohibitive. Recent sugar advices from Hawaii indicate that the outlook is decidedly favorable for a full yield, in spite of strike conditions which have prevailed in spots.



PROSPEROUS YEAR FOR BANK OF ITALY

As shown by its semi-annual statement at the close of December, the Bank of Italy, whose head office is at San Francisco, had total resources of \$157,464,685.08, an increase of about \$20,500,000 during the calendar year. At the last annual meeting the board of directors declared a dividend at the rate of twelve per cent. per annum, an increase of two per cent. over that declared in June last. In July next the entire capital stock of \$10,000,000 will be fully paid in.

The growth of the bank is indicated by the accompanying statement of resources for December of each of the years named:

1904	.....	\$285,436.97
1908	.....	2,574,004.90
1912	.....	11,228,814.56
1916	.....	39,805,995.24
1919	.....	137,900,700.30
1920	.....	157,464,685.08

With its affiliated institutions, which it owns and controls through its Stockholders Auxiliary Corporation, the Bank of Italy represents combined resources of over \$180,000,000.

In The Great Northwest

Bankers and business men anxious to obtain accurate and exact information concerning credit data, industrial possibilities and a general knowledge relative to the Pacific Northwest will find a comprehensive, reliable and complete service here.

Our increase in deposits during the last two years is nearly \$4,000,000.00

Scandinavian American Bank

Pacific Avenue at Eleventh Street, Tacoma



New Head Office, Bank of Italy, Market, Powell and Eddy Streets, San Francisco

This building will be completed early in the new year and will house all of the executive departments of the bank and the main banking office. It is 136 feet in height from the sidewalk level, and is divided into seven floors, with a mezzanine floor in the main banking room. In the basement are the coin, security and safe deposit vaults—the latter the largest west of Chicago.

Excluding the sub-basement, in which is located all of the machinery used in the operation of the building, and the stairway halls, the building contains 77,000 square feet of floor space—all of which is devoted exclusively to banking and administrative purposes.

ADVOCATES PACIFIC COAST MAN FOR CABINET

The Coast Banker is advocating the selection of a Coast banker, as secretary of

the treasury in Harding's cabinet and makes the following suggestions in its current number:

Pacific Coast states will have representation in the Cabinet of President Harding. They are entitled to it by reason of their importance in many ways. The party that got as big a vote from the Western States as did the Republican party and failed to recognize it would be committing a great tactical blunder.

There are thousands of men on the Pacific Coast qualified to enter the President's Cabinet. There are many bankers on the Pacific Coast qualified for the position of Secretary of the Treasury, and in order to assist the President in making his selection we modestly refer to the qualifications of Frank B. Anderson, president of the Bank of California, San Francisco; to H. S. McKee, vice-president of the Merchants National Bank, Los Angeles; to A. J. Waters, president of the Citizens National Bank, Los Angeles; to H. M. Robinson, president of the First National Bank, Los Angeles; to J. F. Sartori, president of the Security Trust and Savings Bank, Los Angeles; to J. E. Fishburn, president of the Merchants National Bank, Los Angeles; to J. A. Graves, president of the Farmers and Merchants National Bank, Los Angeles; to A. L. Mills, president of the First National Bank, Portland; to J. C. Ainsworth, president of the United States National Bank, Portland; to Edward Cookingham, president of the Ladd & Tilton Bank of Portland; to N. S. Latimer, president of the Dexter Horton National Bank, Seattle; to J. W. Spangler, president of the Seattle National Bank, Seattle; to D. W. Twohy, chairman of the board of the Old National Bank and Union Trust Company, Spokane; to E. T. Coman, president of the Exchange National Bank of Spokane; to F. F. Johnson, vice-president of the Boise City National Bank, Boise; to E. O. Howard, president of Walker Bros. Bankers, Salt Lake City; to Charles Burton, vice-president of the Utah State National Bank; to W. H. Crocker, president of the Crocker National Bank; Herbert Fleishhacker, and Mortimer Fleishhacker, all of San Francisco.

In all probability, practically every one of these gentlemen is so tied up to his personal business that he could not be prevailed upon to accept, but some of them possibly have their organizations so arranged that they could take the official position without neglecting the affairs of their institutions, in the management of which they are such important factors.

W. H. Crocker would make a very competent Secretary of the Treasury, but among his friends it is said that if he should accept any political office it would probably be the position of Ambassador to France. He probably could have a Cabinet position if he desired.

H. M. Robinson, president of the biggest banking combination in Los Angeles, has had a taste of public life during the war, and the



The new home of the Scandinavian-American Bank of Tacoma, Washington, now under construction

great efficiency he showed there and in other places makes the people of Los Angeles feel that he would make an exceptionally able Cabinet minister. He is a man of unusual ability as an administrator, and, with his great knowledge of finance, combined with his other qualifications, he could not otherwise than make a success of the Treasury Department.

All of those whose names are listed above seem to be eminently fitted for the headship of the Treasury Department, and we can assure Mr. Harding that if he will select any one of them he will have done much to strengthen his administration.

PASADENA—LOS ANGELES BANK MERGER

The merger of the Union Trust and Savings Bank of Pasadena and the Union National Bank of Pasadena with the Los Angeles Trust and Savings Bank, the stock of which is held in trust by the stockholders of the First National Bank of Los Angeles, has recently been announced. The merger has been approved by the four boards of directors. The necessary steps to obtain the approval of the respective stockholders of the four banks are now being taken.

The aggregate resources of the two Los Angeles banks concerned, under the call of the Comptroller of the Currency on November 15 last, were \$121,503,637.85, while the total resources of the Union banks of Pasadena under the same call, equalled \$12,213,720.33, giving aggregate resources through the merger as of that date of \$133,717,358.18.

The Union Trust and Savings Bank of Pasadena is the oldest savings bank in that city and the two Union banks form Pasadena's largest financial institution.

Dr. John Willis Baer, president of the Pasadena Union banks, under the terms of the merger, becomes vice-president and a director of the Los Angeles Trust and Savings Bank and managing director of the Pasadena banks. The present board of directors of the Union banks will constitute an advisory board, of which Frank C. Bolt will be chairman, while H. I. Stuart will act as chairman of the executive committee. C. J. Hall, as chief trust officer, will be in charge of the trust department and savings business as heretofore. W. A. Barnes will continue as manager of the commercial business, and the present personnel of junior officers and employees will be continued.

Henry M. Robinson is president of the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank.

THE CALIFORNIA OIL SITUATION

The research department of the First National Bank of Los Angeles has issued a very complete and interesting report on the California oil situation written by the bank's vice-president W. W. Woods.

HAWAIIAN PROSPERITY

Hawaii had an exceedingly prosperous year, largely as a result of the high price of sugar, Governor C. J. McCarthy announced in his annual report made public recently.

Savings bank deposits jumped tremendously with an increase of approximately 50 per cent., to \$15,807,778. Federal internal revenue receipts of \$11,927,545 were the largest in history, showing an increase of more than 100 per cent. Exports and imports exceeded those of any previous year by almost \$30,000,000, with an aggregate of \$168,063,451, imports amounting to \$63,283,647 and exports \$104,779,804.

As a proof of the rapid development of the islands' commerce, Governor McCarthy says the gross tonnage of all vessels arriving was 5,430,976, an increase of 1,970,771 tons.

The revenues of the territory would be greatly increased by the Hawaiian rehabilitation bill, now before the United States Senate after passage by the House, according to Governor McCarthy, but if defeated it would be necessary to increase the local taxes.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

FROM the banking standpoint the year has been marked by the fact that the peak of the period of deflation has been reached and passed and already important strides are being taken in the direction of readjustment. The outlook for the early months of 1921 is for unsettled conditions in trade and industry with retail business seeking a new basis on which to stabilize and manufacturing faced with the necessity of reducing costs—unemployment is general in industrial centres and the number of failures reported is much above the normal. However, so far as the financial crisis is concerned it may be regarded as passed. It came at the time of the harvesting of the crop when the banks had concentrated their resources for the movement of the exportable agricultural surplus—largely wheat from western Canada—and the falling market created a situation in which farmers were reluctant to take their losses. It was at this time that the movement of Canadian wheat into the United States solved a rather difficult problem.

The successful way in which the banks are bringing about deflation is indicated in the government statement of the chartered institutions. During the month of November there was the most pronounced indication of deflation yet reported in the reduction of current loans in Canada by about \$47,500,000. This followed a reduction of about \$12,000,000 in October. At the same time there was a reduction in November of \$24,000,000 in commercial loans outside Canada, following a decline of \$8,800,000 in the previous month. This indicates a total reduction of current loans in two months of more than \$72,000,000.

An increase of more than \$20,000,000 in savings deposits was another favorable feature of the November statement. Savings deposits are now \$154,000,000 larger than a year ago, but demand deposits are \$42,000,000 lower. Total deposits in Canada at \$1,978,000,000 are still \$112,000,000 larger than a year ago and compare with current

loans in Canada of \$1,358,000,000, which are up \$168,500,000 compared with November, 1919. Deposits outside Canada are nearly \$93,000,000 larger than a year ago, while loans are up only \$20,000,000. These deposits total \$352,000,000 as compared with loans of only \$170,000,000, which shows that while Canadian banks are being criticised for going into foreign fields they are actually doing so to the advantage of Canadian borrowers.

The statement of liabilities also has another important indication of deflation in the reduction of nearly \$15,000,000 in circulation and \$24,000,000 in loans from the government on legals; circulation is down to \$3,200,000 as compared with a year ago and advances from the government have been cut by more than \$214,000,000—from \$350,000,000 to \$136,000,000. Total assets of the banks, being reduced by \$38,000,000 during the month, also reflect deflation; total assets are now about \$17,000,000 less than a year ago.

C. A. Bogert, president of the Canadian Bankers Association, in a New Year message emphasizes the important steps toward financial reconstruction made during the year. However, he advises caution as the period of difficulty has not yet been altogether passed. He does not look for easier money until the summer of 1921, when the funds from this season's crop will have been distributed and the effects of deflation will be in more general evidence. The banks, according to Mr. Bogert, have been giving special consideration to the financing of agricultural production with the result that there has been an increase of approximately \$90,000,000 in bank loans in Manitoba, Saskatchewan and Alberta, while speculative loans for non-productive purposes have been discouraged for months.

Judging from the annual statements of various banks now being presented to their shareholders a very satisfactory and profitable year has been experienced. Reference has already been made here to the Bank of Montreal report. It has been followed by reports of the Canadian Bank of Commerce, the Royal Bank, the Bank of Hochelaga,

Bank of Toronto and Union Bank of Canada.

The Bank of Commerce made a new high record for earnings with profits of \$3,306,244 representing 22.04 per cent. on capital and 10.5 per cent. on investment. A dividend of 12 per cent. with 1 per cent. bonus was paid. Bank premises were reduced by \$500,000 written off. Assets of \$480,760,000 showed an increase of \$1,116,419. Current loans were increased by \$17,925,602, and call loans abroad by \$9,420,048, while government loans were cut down by \$33,763,822 and holdings of public securities—including British Treasury bills—by \$9,109,916.

The report of the Royal showed profits of \$4,253,649, compared with \$3,423,264 in the previous year. Assets totalled \$594,670,013, a remarkable growth when compared with \$198,299,123 in 1915. Current loans in Canada were increased by \$40,487,891 and the current loans outside Canada by \$12,463,939. Holdings of specie were increased by \$22,869,962 and call loans abroad by \$11,150,243. Holdings of Government securities were reduced by \$32,515,425 and of public securities by \$12,000,416. Savings deposits were increased by \$72,222,910, but demand deposits fell off by \$10,659,679.

The Bank of Toronto showed a small increase in profits at \$1,017,371, representing 20.34 per cent. on capital and 8.6 per cent. on investment; 12 per cent. was paid in dividends. Total assets of \$5,465,229 were somewhat lower. Current loans were increased by \$2,864,447, and holdings of dominion notes by \$2,815,635. Loans on Government securities were reduced by \$7,643,010 on public securities by \$2,370,376 and call loans in Canada by \$1,319,127. Savings deposits increased by \$8,928,165 but demand deposits were cut by \$14,483,276.

The Union bank statement was not accompanied by a statement of profit and loss but this will appear later. The interesting feature of the balance sheet was a reduction of \$16,679,371 in current loans which was accompanied by some contraction in total assets. A new item of \$10,732,755, being demand loans on grain, explained how the bank had employed its increased available funds. A new item of \$7,648,176 for municipal loans was also interesting in the same connection. Call loans in Canada were increased but call loans abroad were curtailed.

The Bank of Hochelaga showed somewhat reduced total assets at \$75,693,920. Profits of \$649,739 showed a substantial increase over \$611,105 for the previous year. An increase of \$10,452,077 in current loans

and contraction of \$6,174,726 in holdings of Government securities indicate the trend of developments in the bank's business.



BANK CLEARINGS FOR 1920

Clearings at the various bank clearing-houses in Canada in 1920 totalled over \$20,000,000,000 or about \$3,500,000,000 more than for 1919 and about \$6,500,000,000 more than in 1918. Following are detailed figures:

	1920	1919
Montreal	\$7,109,189,038	\$6,251,781,898
Toronto	5,410,214,802	4,251,644,303
Winnipeg	3,015,704,299	2,316,724,063
Vancouver	867,901,614	654,913,208
Ottawa	515,006,228	472,691,921
Calgary	438,073,277	355,011,589
Hamilton	380,733,960	306,360,966
Quebec	364,589,361	290,983,483
Edmonton	294,873,361	233,660,784
Regina	231,070,268	218,898,989
Halifax	254,677,402	241,200,194
London	192,157,969	164,126,856
St. John	176,671,887	151,319,093
Victoria	145,707,146	123,351,345
Saskatoon	118,503,076	105,886,584
Windsor	171,282,076	95,791,923
Moose Jaw....	94,554,910	86,447,626
Brantford	76,113,949	58,087,707
Lethbridge	45,989,987	38,179,536
Sherbrooke	64,046,860	49,576,864
Fort William..	48,071,033	41,757,192
Kitchener	61,600,500	48,485,095
Peterboro	50,639,788	41,376,004
Brandon	41,398,339	36,922,771
New West- minster	36,435,337	29,023,983
Medicine Hat..	27,868,580	24,317,000
Prince Albert..	23,976,238	21,474,164

Total ... \$20,257,021,285 \$16,709,995,136

NATIONAL CITY COMPANY TO HAVE CANADIAN ADVISORY BOARD

An important development in the Canadian investment situation is the announcement recently made that the National City Company, Ltd., is to have a purely Canadian advisory board that will act in close association with the company in the purchase and distribution of Canadian securities.

The composition of this board from among men of the highest standing in banking and other financial and industrial circles, constitutes at once their own recognition of the importance of the work they have assumed as well as a guarantee that the services they will be called on to perform will be of the utmost advantage to Canada. This rather unique group is composed as follows:

Rt. Hon. Lord Shaughnessy, K.C.V.O., Montreal, chairman; Sir Lomer Gouin, K.C.M.G., Montreal and Quebec; M. Che-

Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department
Standard Bank of Canada
TORONTO

Resources over - - - - \$100,000,000.00

valier, Montreal; Lt.-Col. Herbert Molson, C.M.G., M.C., Montreal; Sir John Aird, Toronto; Edson L. Pease, Montreal; W. N. Tilley, K. C., Toronto; Sir Augustus Manton, Winnipeg.

The chairmanship of this advisory board attaches with peculiar fitness to Lord Shaughnessy, whose name is not alone associated with an important period in C.P.R. development, first as president and later as chairman of the board, but also with the directorate of the Bank of Montreal. He has long since become a national figure, esteemed for his broad statesmanlike views, and is a recipient in a marked degree of public confidence.

Sir Lomer Gouin, after laying down the duties of the Premiership of Quebec Province at the close of fifteen years of unusually progressive administration, has been eagerly welcomed to membership in such boards as that of the Bank of Montreal, and the Laurentide Company, and the advisory board of the National City Company, Ltd., henceforth will have the benefit of his wide experience and practical viewpoint.

Martial Chevalier, general manager of the Credit Foncier and Chevalier de la Legion d'Honneur, is a cultured Parisian with strong Canadian sympathies, who over a period of many years has become familiar with business conditions not only in Eastern but Western Canada.

Lt.-Col. Herbert Molson is a member of the board of directors of the Bank of Montreal and of the Royal Trust Company, and has wide connections in many commercial directions.

Sir John Aird is the vice-president and

general manager of the Canadian Bank of Commerce, and a banker of recognized outstanding ability, who is in particularly close touch with business conditions in all parts of Canada.

Edson L. Pease, managing director of the Royal Bank of Canada, and lately president of the Canadian Bankers Association, is one of the most esteemed of Canadian bankers. His name is associated not only with the development of his own bank in Canada, but with the building up of a strong organization in foreign countries that has provided this bank with large sums for Canadian development, and has reacted very materially in the establishment of reciprocal trade relations with those countries.

In W. N. Tilley, K.C., the board has a keen legal mind, for he is recognized as one of the most eminent of Canadian counsel, who has served as Canadian representative before several international tribunals such as that dealing with the Alaska boundaries question, and at present is acting for the Dominion Government in the Grand Trunk arbitration proceedings.

Sir Augustus Manton is vice-president of the Dominion Bank and as senior member of the firm of Osler, Hammond & Manton of Winnipeg, holds an outstanding place in financial circles of Western Canada.

The National City Company in 1916 took over the bond department of the National City Bank of New York. This bank was founded in 1812, and at the time of its most recent statement November 15, 1920, had assets amounting to \$1,036,071,260. The company has some 10,000 miles of private telegraph wires and has offices in more than

fifty of the principal centres of the world, including London and cities in other European countries, and Japan.

It was in December, 1918, that the manager for Canada, Norman L. C. Mather, joined the company and in January following the Canadian head office was opened in Montreal with H. P. Thornhill appointed local manager. The Toronto office was opened in February with H. W. Murray in charge.

The opening of the Canadian field was done with the two-fold purpose of distributing in Canada some of the more active securities that originated in the United States, and also of purchasing Canadian securities and developing a market for them not only in the United States, but in many other centres where the company was operating. For some time past the restrictions imposed by the Canadian Government on the purchase of securities of other countries, combined with the effective bar imposed by the difference in exchange, have compelled the company for the most part to limit its activities to the purchase and sale of securities of Canadian origin. As a supply of capital for the development of Canadian enterprise for some years to come obviously will depend to a great extent on the openings provided for United States investment, the services that the National City Company will be able to render with its huge organization, and widespread connections throughout the largest cities of the United States as well as other countries, will be appreciated. At the outset of this period it was determined to secure the co-operation of these tried Canadian leaders to provide advice and direction to the employment of experience and capital on the part of the National City Company. By this means the purchase and distribution of Canadian securities will be carried on to the highest advantage of this country in this stage of its post-war development.

NEW STIRLING BANK BRANCHES

During the past year the Stirling Bank of Canada has opened fifteen new branches. Following is a list of the new branches, all in Ontario, and their managers:

BARRIE.....	W. A. Sawtell
AURORA.....	A. M. Kirkwood
CRAIGHURST.....	T. E. Brett
GOLDEN LAKE.....	R. C. Cameron
LAKEFIELD.....	R. W. Douglas
LANSING.....	W. A. Young, Actg.
MINESING.....	W. L. Bishop
NEWTONBROOK.....	J. B. Thompson, Actg.
NORWOOD.....	J. H. Hartle
PHILPSTON.....	W. E. C. Jones
QUEENSVILLE.....	H. S. Ivey
RICHMOND HILL.....	M. Morden
ST. WILLIAMS.....	R. E. Nevison
VARNA.....	W. T. Maize, Actg.
WILNO.....	G. C. Garvin, Actg.

CANADIAN BANK OF COMMERCE REPORT

Net profits for the year ending November 30, 1920, of the Canadian Bank of Commerce were \$3,306,243.97, to which should be added \$1,427,735.40 carried forward from the previous year, making a total of \$4,733,979.37. This has been appropriated as follows:

Dividends Nos. 132, 133, 134 and 135, at 12 per cent. per annum.....	\$1,800,000.00
Bonus of 1 per cent., payable December 1.....	150,000.00
Dominion and Provincial Government taxes and tax on bank-note circulation.....	350,000.00
Written off bank premises.....	500,000.00
Transferred to Pension Fund.....	150,000.00
Balance carried forward.....	1,733,979.37
	\$4,733,979.37

Some of the principal items in the bank's statement as of November 30 are as follows:

Total assets.....	\$480,760,624.51
Notes in circulation.....	30,716,914.68
Deposits not bearing interest.....	108,813,028.52
Deposits bearing interest.....	285,065,493.05
Gold and silver coin current on hand.....	15,992,107.21
Gold deposited in central gold reserves.....	6,500,000.00
Dominion notes on hand.....	35,388,710.25
Dominion notes deposited in Central Gold Reserves.....	10,000,000.00
Dominion and Provincial Government securities, not exceeding market value.....	13,101,556.80
British, Foreign and Colonial public securities and Canadian municipal securities, not exceeding market value.....	20,737,620.72
Railway and other bonds, debentures and stocks, not exceeding market value.....	6,059,204.45
Call and Short loans (not exceeding 30 days) in Canada on bonds, debentures and stocks.....	21,434,844.02
Call and short loans (not exceeding 30 days) elsewhere than in Canada.....	34,274,934.06
Other current loans and discounts in Canada (less rebate of interest).....	281,114,772.74
Other current loans and discounts elsewhere than in Canada (less rebate of interest).....	26,863,226.72

SIR VINCENT MEREDITH ON THE CANADIAN SITUATION

Sir Vincent Meredith, Bart., president of the Bank of Montreal, in his address at the annual meeting took the occasion to review the general business and bank situation in Canada. He said in part:

The year just closed has been a difficult one for bankers, but the progress we have made and the results we are able to show will, I feel sure, prove satisfactory to our shareholders.

An overwhelming demand for credit has taxed resources to the utmost. Following a period of excessive prices and inflated currencies characteristic of war times, the country is now in the midst of the process of readjustment. It has been difficult to make producers, merchants and others carrying heavy

stocks, who have grown accustomed to high prices, accept the inevitable by recognizing the fact that it is futile to attempt to overcome natural laws and to realize that economic conditions, which no artificial means can alter alone are the cause of price decline. The demand for intervention through Government control is still insistent in some quarters. Canada alone cannot control world-wide conditions, and it is idle to turn to the Government for relief from falling prices. This applies to wheat as well as to other commodities.

The necessity for financing foreign trade has come very closely home, and pending an international working scheme, I feel it would be well for Canada to move locally. I am still of the opinion that a corporation to foster foreign trade so as to keep our factories busy and give employment to labor is desirable and sooner or later must be launched. If export trade can be revived it will solve many of our difficulties.

The action of the Minister of Finance in calling upon all dealers to refrain for the present from purchasing Canadian securities held abroad, for the purpose of conserving the country's resources, has met with criticism abroad as well as from some quarters at home. Nevertheless, the Minister, in view of the enormous trade balance against Canada, has wisely pursued the policy decided upon.

Canada to-day has a very large National Railway System which is being operated at a heavy loss, thereby increasing the load of an already heavily tax-burdened country. Sooner or later some means must be found to relieve the situation. Some confidently believe that by proper public administration of the lines, deficits can be cut down. My own view is that the proper solution will be found if the Government, at the earliest feasible time, divests itself of ownership and operation of the roads and places them under corporate control upon terms fair to the country and upon conditions that will ensure the service for which the construction of the lines was undertaken.

To sum up, the situation in Canada at present, as I view it, is that while there does not appear to be any cause for apprehension, there is every reason for the exercise of the utmost measure of caution.

Happily, Canada is well buttressed on many sides, and the exercise of prudence and sagacity should enable her to meet the shock of falling prices, restricted credits and deflated currency, without serious impairment of her commercial and financial vitality.

TO ESTABLISH PROVINCIAL BANKS IN BRITISH COLUMBIA

According to an announcement by John Hart, Provincial Minister of Finance, provincial banks are to be established in British Columbia in order to promote the business and industry of the province rather than to allow capital to be attracted from the province to Eastern points. It is stated that the provincial financial policy will include establishment of a capital reserve fund in which moneys from the sale of natural resources must be placed. This fund, ever cumulative, is to be loaned out at a reasonable interest, he said, for the development of the province.

BANK OF TORONTO'S STATEMENT

Net profits of the Bank of Toronto for the year ending November 30, 1920, were \$1,017,371.24, to which should be added

\$793,983.03 carried forward from the previous year, making a total of \$1,811,354.27 which was appropriated as follows:

Dividend No. 154, 3 per cent.	\$150,000.00
Dividend No. 155, 3 per cent.	150,000.00
Dividend No. 156, 3 per cent.	150,000.00
Dividend No. 157, 3 per cent.	150,000.00
Reserved for taxes.	100,000.00
Transferred to officers' pension fund	25,000.00
Written off bank premises.	100,000.00
Carried forward to next year.	986,354.27
	\$1,811,354.27

The bank's statement of condition as of November 30, follows:

LIABILITIES	
Notes in circulation.	\$8,497,128.00
Deposits bearing interest, including interest accrued to date of statement.	62,542,753.81
Deposits not bearing interest.	18,615,133.48
Balances due to other banks in Canada.	243,812.85
Balances due to banks and banking correspondents in the United Kingdom and foreign countries.	1,497,933.95
Quarterly dividend, payable December 1, 1920.	150,000.00
Dividends unpaid.	1,088.00
Acceptances under letters of credit.	285,685.57
Capital paid up.	5,000,000.00
Rest.	6,000,000.00
Balance of profit and loss account carried forward.	986,354.27
	\$103,819,889.93
ASSETS	
Gold and silver coin current. ..	\$1,006,761.22
Dominion notes held.	13,065,125.00
Deposit in the central gold reserves.	4,500,000.00
Deposit with the Minister for the purposes of the circulation fund.	254,834.65
Notes of other banks.	751,616.55
Cheques on other banks.	6,026,559.70
Balances due by banks and banking correspondents elsewhere than in Canada.	790,811.63
Dominion and Provincial Government securities, not exceeding market value.	5,231,801.22
Canadian municipal securities and British, foreign and colonial public securities other than Canadian.	7,465,486.23
Railway and other bonds, debentures and stocks, not exceeding market value.	711,237.16
Call and Short (not exceeding thirty days) loans in Canada, on bonds, debentures and stocks.	2,217,415.90
Call and Short (not exceeding thirty days) loans elsewhere than in Canada.	1,000,000.00
Other current loans and discounts in Canada (less rebate of interest, \$233,435). ..	56,753,148.13
Overdue debts (estimated loss provided for).	193,035.50
Liabilities of customers under letters of credit, as per contra.	285,685.57
Bank premises, at not more than cost, less amounts written off.	3,566,371.47
	\$103,819,889.93

Bank of Bishop & Co., Limited

Established 1868
HONOLULU, T. H.
 Cable Address, "Snomad"
 Capital and Surplus.....\$1,733,590
OLDEST AND LARGEST BANK IN THE
ISLANDS. COMPLETE AROUND THE
PROMPT REMITTANCES. COLLECTION SERVICE.

CANADIAN INCOME TAX

The Crown Trust Company of Montreal has just issued the fourth edition of their booklet on the Canadian income tax. This booklet is very highly regarded in the Dominion and contains information which is exceedingly valuable to individuals filing Canadian tax returns. The company still has a number of copies for free distribution to those interested.

ROYAL BANK OF CANADA HAS RECORD YEAR

The annual report of the Royal Bank of Canada shows an increase in deposits during the past fiscal year of \$61,500,000, or from \$393,554,156 on November 30, 1919, to \$455,017,386 on November 30, 1920. Frederick T. Walker of the New York office of the bank in making the report public pointed out that this annual statement was the best in the history of the bank. The growing importance of the Royal Bank of Canada in international trade is indicated by an increase of over \$42,000,000 in deposits elsewhere than in Canada. These deposits continue to be largely in excess of the commercial loans outside the Dominion, totalling \$164,106,090 as against commercial loans, elsewhere than in Canada, which amounted to \$102,674,210.

Current loans in Canada increased to \$183,747,409 as compared with \$143,259,518 last year, a gain of more than \$40,000,000, the increase being looked upon as evidence of the steady expansion of Canadian trade and industry as the bank's business is widespread and, therefore, affords a good index of the state of the country, being carried on through more than 600 branches across the Dominion. An indication of the fact that Canadians have been adding steadily to their savings in the readjustment period is supplied by the fact that the bank showed a gain of more than \$70,000,000 in savings deposits, these increasing from \$259,465,169 to \$331,688,078 during the year. The bank's earnings for the year are reported as

\$4,253,649, compared with \$3,423,264 for the preceding year. There was an addition of \$3,134,010 to the reserve fund. Total assets were reported as \$594,670,013. Liquid assets, given as \$279,197,713 were equal to more than 50 per cent. of the liabilities to the public, while actual cash on hand and in banks was shown to be more than 30 per cent of the public liabilities.

The principal figures shown by the bank's statement as of November 30, 1920, in comparison with those of the previous year are as follows:

	1920	1919
Total assets.....	\$594,670,013	\$533,647,084
Liquid assets.....	279,197,713	273,908,862
Deposits not bearing interest.....	123,329,308	134,088,987
Deposits bearing interest.....	331,688,078	259,465,169
Capital stock.....	20,134,010	17,000,000
Reserve fund.....	20,134,010	17,000,000
Dominion and Provincial Government securities...	12,808,172	45,323,598
Canadian municipal securities and British, foreign & Colonial public securities other than Canadian...	21,400,126	33,400,542
Balance due by banks.....	37,044,311	18,118,426
Current loans in Canada.....	183,747,409	143,259,516
Current loans elsewhere than in Canada.....	102,674,210	90,210,271
Coin current.....	17,910,122	17,653,879
Dominion notes.....	26,727,403	26,735,724
U. S. currency.....	27,181,668	8,746,805
Deposit in central gold reserves.....	23,500,000	24,500,000

UNION BANK OF CANADA

The annual report of the Union Bank of Canada presented at the annual meeting of the bank, January 10, in Winnipeg, indicated that the earnings during the year ended November 30, 1920, were \$1,603,842.

So far as the general statement of the bank is concerned, marked improvement was shown during the year in the volume of the bank's quick assets. This improvement was largely a reflection of the contraction of current loans for commercial purposes and the segregation in the statement of the item of \$10,732,755 for "Demand Loans in Canada secured by grain," which is, of course, absolutely liquid. The bank's commercial loans in Canada decreased during the year approximately \$6,000,000, or if this new item of loans against grain is not added to current loans, over \$16,000,000.

The statement shows quick assets of \$82,203,563 against liabilities to the public of \$151,226,785, or 54.3 per cent as compared with 49.6 per cent last year, which clearly

demonstrates the conservative policy of the institution during a period of unprecedented and world-wide expansion. It is interesting to note in this connection that the commercial loans of the Canadian banks as a whole are approximately \$170,000,000 greater in November, 1920, than they were during the previous year.

The statement also shows an increase of over \$1,200,000 in interest-bearing deposits, which comparatively small increase is due mainly to the inability of the farmers to market their wheat.

LECTURES FOR BANKERS

Several hundred of the bank men of Montreal, from general managers down, are attending weekly lectures in connection with the Bankers' Extension Courses of McGill University. This is a new idea in the line of the education of bank employees in Montreal, although in Toronto there is a course of lectures carried on by the Toronto Bankers Educational Association.

The plan took its form first in the Royal Bank, where arrangements were begun for a series of lectures for the staff of this bank alone, but when the matter was discussed with the authorities of McGill, it was received so cordially that it was determined to place everything in the hands of the University and secure the support of other banks. This has been manifest to such an extent that the question of quarters has become an important one, and a rigid adherence must be made to the original proposal to limit the course to bank men and those connected with trust and loan companies, although a number of requests to be allowed to join have come from staffs of other financial institutions.

CANADA'S INDUSTRIES

The marked change which the war produced in the relative importance of agricultural and industrial pursuits in Canada is illustrated in a study, "The Dominion of Canada," by the Bankers Trust Company of New York.

Comparatively tables of exports before the war and after indicate, according to the study, that on March 31, 1919, Canada's foreign trade had reached the position where manufactured articles represented 45 per cent of the total exports and agricultural products 22 per cent. This was a complete reversal of the relative proportions of these products exported in 1914.

The Bank of Hawaii, Ltd.

HONOLULU, HAWAII

Cable Address, "Bankoh"

Capital, Surplus and Undivided Profits\$1,686,000

Total Resources\$11,094,000

C. H. Cooke, Pres.

B. D. Tenney, Vice-Pres.

Roxor Damon, Cashier.

Encashment of Letters of Credit through close connections on each Island, collections promptly executed.

The following table gives the details of the transition:

	1914	1919
Total Exports ..	\$431,000,000	\$1,216,000,000
Agricultural Products	198,000,000	271,000,000
Per Cent.		
Agriculture ..	45.9	22.3
Manufacturers ..	57,000,000	555,000,000
Per Cent.		
Manufacturers	13.2	45.6

Canada, prior to 1914, was making great strides in manufacturing development but the Bankers Trust Company reaches the conclusion that the war brought about, much earlier than otherwise would have been the case, the change from a status where agriculture predominated to one where manufacturing industries are of greater importance.

In 1900 the output of Canadian manufactures amounted to \$480,000,000. Ten years later the amount was \$1,165,975,000, or almost 150 per cent. greater. In 1915 the value of output was \$1,381,547,000, and in 1918 it had risen to \$3,451,000,000. Between 1910 and 1919 the value of Canada's agricultural products increased from \$663,000,000 to \$1,975,000,000.

"The rate of acceleration in manufactures," says the bank, "may be regarded as abnormal, having been greatly stimulated by the need of supplies for the army and of munitions. Yet undoubtedly the manufacturing industries of Canada are firmly established upon the secure basis of ample supplies of the principal raw materials, of cheap water power, and of a high degree of mechanical and managing skill. The impetus given by the war necessities to manufacturing will not be lost, but will prove to be one of the most important developments of the period.

"Probably to-day there are employed in Canadian manufacturing pursuits at least a third more people than were so employed before the war, while some 2,000,000 people, or 25 per cent. of the population, are said

to be directly or indirectly dependent upon manufacturing industries for their living.

"Unquestionably the predominant relation of manufactures to agriculture will be a constantly widening one with lapse of time.

However, it will not be because agriculture will be actually of less importance, for agriculture and its kindred activities will always be one of the fundamental resources of Canada."



Holidays Throughout the World

THERE will be only 88 days, exclusive of Sundays, during the year 1921, when some country somewhere in the world is not celebrating a holiday of one sort or another. Even this small number of world-wide working days will be reduced by advances to other days of celebrations which would otherwise fall on Sundays. Moreover there will be further abstentions from toil for religious and other festivals not recognized as holidays by governments or banks but which nevertheless will be participated in by many thousand men and women. Of all countries Turkey is most given to the keeping of holidays, there being twenty-six days in the year, when special celebrations are held. Scotland, with only five holidays, is the most thrifty country of its time.

These and a multitude of other facts concerning the times and customs of all peoples are contained in the fourth edition of *Bank and Public Holidays Throughout the World*, the annual publication of the Guaranty Trust Company of New York, which has just been issued for the year 1921.

As in previous editions this book is divided into two parts. Part I contains the chronological list, in the usual calendar arrangement, with the names of the States, countries and colonies in which there is a holiday printed under the date on which the actual observance will take place. Part II comprises an alphabetical list of the principal countries and colonies of the world, including the sub-divisions of Australia and the States of the American Union, with the dates and names of holidays which

will be celebrated in each one during the ensuing year.

In presenting the current volume of bank and public holidays, now generally recognized as the standard authority on the subject, the company says:

"The world is still too much distracted by the manifold problems incident to readjustment to the profound changes resulting from the war to devote much attention to the matter of holidays. Surprisingly few countries have, as yet, set apart dates commemorating any of the events connected with the great conflict or its close. The present issue of bank and public holidays, therefore, contains relatively few changes in the holidays of the various countries and colonies, although many new lists have been added. For the new republics in central Europe now having diplomatic and consular representatives in the United States, and well-established banking connections here, the lists given in this edition are practically official. On the other hand, it is still impossible to secure authentic information regarding the holidays actually being observed in the vast regions formerly comprised within the Russian Empire.

"In this edition the footnotes under the different countries, colonies and States have been materially amplified and brought up-to-date, and will be found to contain much interesting information regarding the holidays observed in each locality. Particular pains have been taken to ascertain and summarize briefly the facts relative to the observance of election day as a legal holiday in the United States and its possessions.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

FEBRUARY 1921

VOLUME CII, NO. 2

What Has Happened to Business

WHEN one looks back upon the recent history of the course of business in this country, there is seen to be no mystery whatever about it. We have gone through exactly the same experience which was to be expected. Those engaged in the production and sale of goods found during the war that there was an almost unlimited demand for goods, irrespective of price. They naturally took all the profits they could get. Labor did the same. The mistake was made in thinking that this demand, with little regard to price, would continue indefinitely into the peace era. That such would not, and indeed could not, be the case, ought to have been foreseen. With the end of the war the demands of governments slackened, and it had been from this source that the most urgent necessities for goods arose while the war lasted. There was thus thrown upon the markets a large surplus of products heretofore going to war purposes in one way or another. Producers, dealers and labor all seemed to think that the public, accustomed to high prices because of the war, would complacently continue to pay them indefinitely. Acting on this belief, they not only maintained prices and wages at the war levels, but marked them up quite materially after the signing of the armistice. But the mounting costs of everything began first to attract public attention and later to provoke resentment. Not only had the enormous stimulus of the war demands on the part of governments been withdrawn, and the products thus released made available for general consumption, but millions of laborers either engaged in military service or in producing war materials or goods used by the armies of the world, returned home to work on the farms and in the factories. From being consumers merely, the military forces became again producers as well.

Smarting as they were under the long-continued application of high prices, and having at least a partial understanding of what was going on, the public gradually quit buying at the high prices, or at least limited their purchases to the more necessary articles.

Contemporary with this "buyers' strike" was a realization on

the part of the Federal Reserve Board that the rate of credit expansion was becoming dangerous, and the action taken to impose a check. The situation was further complicated by a rise in dollar exchange to an extent which greatly reduced the ability of foreign countries to buy American goods. Manufacturers found a rather sudden shrinking in both the domestic and foreign demand.

Particularly with reference to our domestic situation, we have again had enforced upon us the very simple lesson that, in the long run, large volume business depends upon the willingness of customers to buy at the price asked. Under normal conditions the same rule holds good in foreign trade, namely, that you must produce the kind of goods your customer wants, and at the price he is willing to pay.

Both capital and labor can profit by studying the real meaning of the present situation. From it they may take no resolution to exercise greater forbearance in the future should a like opportunity arise, but they may gather strength that will enable them to bear with more composure the discomforts arising out of their own cupidity.



Our Future Debt Policy

AS a step in the direction of easing the present heavy burden of taxation, Congress may be expected to listen with favor to proposals for a general "refunding" of the outstanding war debt. As Secretary Houston pointed out in his annual report, this debt is already in a form which does not call for refunding. What the proposal really amounts to is the substitution of long-term and higher rate bonds for those now outstanding. It would be, as the Secretary says, a practical perpetuation of the war debt. The Secretary also opposes the scheme on the ground that it would substantially represent a bonus to capital invested in the war loans.

At the time these loans were floated by extraordinary expedients there were many who regarded the interest rate as lower than the then prevailing market warranted. The reply was made, in a somewhat lofty manner, that our people were not thinking of the interest rate, but were buying the bonds from patriotic motives. This was true enough at the time; but when the patriotic fervor died out, the bonds speedily fell to a point which showed their investment status. Some of them can now be bought to yield nearly seven per cent.

It would seem that fairness to the large number of holders of the bonds in small amounts should have prompted the fixing of a rate high enough in the first instance to maintain the bonds at somewhere near par. This would have made it both more attrac-

tive and easier for these small holders to have kept their bonds. But the considerations which might, and perhaps should, have prompted a higher rate of interest at the outset no longer obtain. The small holders have to a large extent already parted with their holdings, and the bonds have fallen in the market to a point considerably below par. If now the Government should decide to take up the outstanding bonds with a new issue bearing a higher rate, speculators would probably be the ones chiefly benefited, for once it became apparent that this policy was to be followed, the bonds would be quickly snapped up for the sake of the profit.

Secretary Houston estimates that at the rate of redemption at present provided for the war debt will be paid off in about twenty-five years. If the sinking fund requirements were modified, and a slower rate of reduction fixed, the payment would be extended over a longer period and the immediate burden of taxation on this account correspondingly relieved. But, in the long run, it would be the costlier policy since there would be more interest to pay the longer the retirement of the bonds is postponed.

The argument for postponing payment of the debt rests chiefly on the claim that since posterity will share in the gains of the war, it should bear some of the cost. The views of "posterity" regarding this suggestion are not obtainable. Possibly, future generations will have their own debts to care for without paying for the sins of their ancestors. People who make debts ought to pay them.

But there is a much weightier reason for paying the debt as rapidly as can be done without crippling the country's industry and trade, and that is to preserve our credit. The best way to maintain credit is to pay debts promptly. We can not look far enough into the future to say how soon we may again need to borrow amounts as large as those required in the recent war. We might in a similar emergency again rely on the spirit of patriotism; but, as we have seen, bonds sold under the patriotic stimulus have in time to submit to the cold test of the markets. And while the issue of new bonds at a higher rate of interest for those now outstanding would probably result in a rise in the present market values of the outstanding bonds, the perpetuation of so large a volume of debt would place us in a serious position should the occasion arise for suddenly putting out large issues of new securities. This could be done only by offering an exceptionally high rate or by selling the new bonds at a discount.

The obligations which the Government assumed on account of the war loans should be fully and promptly discharged. A case for giving present holders of the bonds a bonus remains to be made out.

Departures From Sound Principles in Banking Legislation

COUNSELS of perfection are never of great popularity. The world may be likened to a youth, intent upon having a joy ride, despite the warnings of age and experience. This reflection is induced by looking over **THE BANKERS MAGAZINE** file for the year 1913, when the Federal Reserve Act was up for consideration. On page 243, of the September issue, for the year named, appears this statement:

"There is no single question of so much moment in the establishment of a sound banking and credit system for the United States as this, namely, that the reserve of every bank of discount shall be gold coin or a certificate representing an exact equivalent of gold on deposit with a responsible trustee."

When the Federal Reserve Law was enacted this principle was thrown to the winds. The banks were—not by the original act but by a subsequent amendment of it—prohibited from holding any gold *or any other kind of money* as legal reserves, and were compelled to lend all their legal reserves to the Federal Reserve Banks. In the old days when the greenbacks were not fully secured by gold, and when the silver dollars were of less bullion value than their face indicated, an element of credit then entered into the holding of these forms of money as bank reserves, and this fact constituted an unsound element in the banking situation of the time.

But what shall be said of the present law, which not merely permits part of the legal bank reserves to be in some form of credit, but compels all of the legal reserves to be in this form alone?

It is not sought here to define what the emergencies of the war may have required in the way of providing for the expansion of banking credit. But it is unfortunate, if the provision in question was designed to meet the needs of Government financing, that it should also operate as it undoubtedly has done to bring about a tremendous inflation of prices of nearly every kind.

No immediate or early improvement in this respect can be hoped for, as the times are not favorable to a remodelling of our reserve system on scientific lines. Yet a day must come when this important matter will be given consideration, and we shall adopt sound principles.

When the discount banks get back to a gold basis for their reserves, and when the management of the banking system is taken out of the hands of a governmental board and placed under the

direction of bankers, the country will have gone a long way toward retracing the steps it has recently made in the direction of unwise banking legislation.



New Kind of Legal Tender

ALTHOUGH gold certificates were made legal tender by the Act of December 24, 1919, probably the matter had largely escaped attention until it was mentioned in the report of the Secretary of the Treasury for 1920. Whatever criticisms might justly have been made of the greenbacks as legal tenders, the making of the gold certificates a legal tender can not come in for the same objections. At least until the Act of March 14, 1900, the greenbacks were only partially secured by a gold reserve, but after that date they gradually approximated the status of gold certificates. It was certainly an anomaly that the gold certificates, representing one hundred per cent. of gold specifically lodged with the Treasury for their redemption, were not a legal tender while the greenbacks had this quality although not protected by so large a percentage of gold.

So long as the Treasury maintains the reserve against gold certificates at the face value of the certificates themselves, there is no good reason why this form of paper should not be endowed with the legal tender quality. The credit element in the greenbacks rendered them objectionable for use as bank reserves, but since the Federal Reserve Act has made all legal reserves of national banks to consist only of credit, this objection, though resting upon sound principles, can hardly longer be urged. But no such objection could be raised against the use of gold certificates as bank reserves, since they are in effect warehouse receipts for an equivalent amount of gold lodged with the Government as trustee. For the purposes of bank reserves they are not inferior to gold coin or bullion.

The use of certificates instead of coin saves the loss from abrasion, though this saving is to some extent offset by the cost of engraving the certificates. On the score of convenience when banks are making shipments of legal tender the certificates are much preferable to the coin.

THE BANKERS MAGAZINE several times proposed that the legal tender quality be conferred upon the gold certificates (see p. 514, issue for November, 1913) and regards this step as being in the nature of a convenience to the banks and the public. Besides, a certificate backed by one hundred per cent. in gold, with the United States as trustee, is so good that no hardship will be experienced by anybody in accepting it.

Increasing the Number of Taxpayers

PROPOSALS for revising the laws relating to Federal taxation are numerous. Most of these suggested changes contemplate a reduction of the taxes, though some have in mind a redistribution of the burden.

In levying taxes, a principle much in favor is that the tax should be imposed in proportion to its ability to be borne; that is, the amount of tax to be paid rises as one's wealth increases. Under the operation of this principle, the direct taxes laid upon the poor are light, those upon the well-to-do a little heavier, and those upon the rich heaviest of all.

Upon the face of it there is much justice in this principle—that one should pay in proportion to his ability, but if carried to the extreme it becomes unjust in its application. Especially does it tend to make the average citizen indifferent about the amount of public expenditure incurred or the taxes thus made necessary. He argues that the rich pay most of the taxes anyway, so why worry about a matter which concerns him but little if at all.

But the millionaires and multi-millionaires, engaged as many of them are in business of various kinds, are not quite so complaisant or generous as this view assumes. They do not pay all the taxes, even where the tax laws may have this as their object. A considerable part of this tax upon the rich men—all of it wherever possible—is passed on to the masses of the people—to the ultimate consumer. And generally in the process of passing accretions are acquired which greatly augment the amount of the tax as originally imposed.

In effect, such taxes as those upon excess profits are passed on to the consumers with the additions indicated. So that, in the long run, a direct tax upon sales would be less burdensome. Furthermore, if the tax were laid in this manner, all classes in the community would know that they were directly bearing a share of the country's burden, and they would insist on the most prudent management of the country's expenditures.

Nobody, of course, wishes to ease the taxes of the very rich or to impose heavier taxes upon the well-to-do and the poor; but our present system of taxation, while seemingly exempting those in the two classes last named, in reality taxes them very heavily, though indirectly. If they are to be taxed, it should be in a manner which will bring the tax home to them and thus increase their concern in the amount of revenues collected and expended. If all of us realize that our responsibility in paying taxes is one that can not be escaped, we shall not see billions voted out of the Treasury so unconcernedly as we have done in the past while laboring under

the delusion that the millionaires and multi-millionaires were paying most of the taxes which this lavishness made necessary.

In reality no one is so poor as to escape taxation, or the indirect results of it. The community would be better off if this tax were imposed in a way that would cause the people to understand it for what it is.



The War's Compensation

ONE of the persistent beliefs in regard to the Great War is that out of this tremendous conflict must finally emerge some benefit to mankind which will more than compensate for all the cost of the mighty struggle. Is this belief well founded, or is it but another of those numerous illusions which comprise so large a part of human existence? President Wilson had a noble interpretation of the awful catastrophe, which he offered for the world's acceptance, only to find proof of the adage that "a prophet is not without honor, save in his own country." He saw in the war such a colossal tragedy that it must impel men to forget their differences and unite themselves henceforth in a solemn covenant of world-wide coöperation. Does the history of the recent Assembly of the League of Nations at Geneva afford proof that the President's splendid vision is in process of fulfillment, or does the failure of the United States to participate in the League foreshadow its destruction? Time will answer this question.

Could we be assured that any such great boon to mankind as the President's vision contemplated would really follow as a consequence of the war, we might be measurably reconciled to the sacrifice it entailed. In the lower natural kingdoms, perpetual warfare seems to be the law, and much of the life that exists there is purposeless. Gray tells us of the flowers that blush unseen, and the gems that are borne in the ocean's caves. But mankind, with that loftiness that accompanies superiority, imagines itself exempt from this natural law. Man considers happiness as his objective, and clings to the belief that by some expedient which he himself is capable of devising this haven of ease will ultimately be attained. The drama of Job takes the opposite view, that it is the aim of life merely to learn "how sublime a thing it is to suffer and be strong." In other words, that the object of life—its entire purpose—is discipline. Could we accept this view, we need seek no further for a justification of the war, for it certainly administered to the world such disciplinary treatment as it has rarely received. To attempt to account for the necessity for such harsh correction

would be to enter too much into controversial and speculative realms.

If we look at war as humanity's great sacrifice, no reward should be expected, for it is the essential nature of sacrifice that it be without reward.

The disciplinary view has much in its favor. If somewhere, behind the shadow, there is a Being who keeps watch above his own, he must not be without admiration for the sheer grit exhibited by those peoples who manfully shoulder the burdens of the war and go hopefully and resolutely about the task of repairing its awful destruction.

President Wilson thought we should break the heart of the world by refusing to enter the League of Nations; but, having borne the burden of this great war, the world refuses to be heart-broken by the prospect of others equally destructive.

But the war may hold no compensation whatever. Its results may be nothing. All its apparent gains to the victors may prove empty. This may set people thinking, and they may in the coming years, looking back upon this awful record, seriously ask themselves, *cui bono?*



The Basis of International Understanding

ATTEMPTS to get the nations of the world together commonly start out on the assumption that existing difficulties are chiefly due to a failure on the part of the respective nations to understand one another. If this assumption were altogether correct, the task of reconciling prevailing differences might be entered on with considerable assurance of success, for it ought to be comparatively easy to remove hostile tendencies that have no basis except in misconception of facts and misconstruction of motives, since for such a state education should prove an effectual remedy.

But when a nation deliberately maps out a policy of aggression and spoliation, and then attempts by force to carry it out, no amount of education would do any good, except such as should reveal to the predatory nation the futility of its course. In the school of experience this costly lesson was brought home to Germany by the terms of the armistice.

Nations that purpose going out on predatory raids evidently do so in the belief that in this way they can get some advantage which they could not hope for on grounds of strict justice. Other nations, even though having naturally a pacific disposition, think they can not stand idle while their international rivals are aggran-

dizing themselves by the employment of force, and so they, too, pitch into the same game. Then, also, while the predatory nations exist and maintain their policy of enrichment by forceful means, the necessity for other nations to be in a position to defend themselves can not be called in question. National independence and national existence are dependent upon sufficient military or naval power to resist attack.

Misunderstanding does, no doubt, play an important part in creating and maintaining international friction, and it should be the duty of all concerned to try to remove this to the extent possible.

Perhaps the most dependable basis for international coöperation consists in the realization of the fact that nations actually have much more in common than has been supposed. That all energetic and right-minded nations are not to find their greatest progress in hindering but in helping the advance of other nations adhering to a like policy. It is idle to lament the losses which the world has sustained through the Great War, and yet one can not help thinking how much the energy, the materials and the vast sums employed in the conflict could have helped in making the world a better place to live in, and this is to say nothing of the most serious loss of all—the lives that were sacrificed.

The suggestion that the nations must find some basis of coöperation, even in government, naturally arouses the resentment of the extreme nationalists, just as Hamilton's proposal for a strong Federal Government provoked the hostility of the state's rights advocates. But the powers of the central Government have been extended in a way that perhaps Hamilton himself never dreamed of, although the states have not lost their autonomy.

It is useless to strive against the forces which are tending to draw nations closer together. The United States now has a more immediate concern in the affairs of other countries than ever before in its history. This interest in other nations is likely to grow rather than to diminish, even though many of us may wish that it might be otherwise. The statesmen of the world can not fail to realize the desire of the peoples of the world for a closer affiliation and to seek in some way to give practical fulfillment of this desire.



Revival of the War Finance Corporation

THE most significant phase of the revival of the War Finance Corporation, by a decisive vote in both House and Senate overruling the President's veto, is the reliance which this action indicates in the efficacy of Government intervention in bus-

iness. Probably it also represents a belief that through this instrumentality aid may be rendered to our export trade more quickly than in any other way. Here are the main points from the President's veto message:

"I apprehend that the resumption of the corporation's activities at this time would exert no beneficial influence on the situation in which improvement is sought, would raise false hopes among the very people who would expect most and would be hurtful to the natural and orderly processes of business and finance.

"There is no question that the borrowing of the Government should be limited to the minimum requirements, and that the Government should not be called upon further to finance private business at public expense. To the extent that Europe is able to furnish additional securities private financial institutions here will doubtless find means of giving the necessary accommodation. The way has been opened for added legitimate efforts to promote foreign trade. Financial agencies in aid of exports, privately financed, have already been planned to operate under the act approved December 24, 1919, authorizing the organization of banking corporations to do foreign banking business.

"One corporation has been organized in the South and a second of larger scope is in course of development. These agencies may be expected to act as promptly and as liberally and helpfully as sound business conditions will permit. Through reliance on such enterprises, rather than through Government intervention, may we expect to secure a return to stable business relations. For many months there has been a demand that war agencies should be abolished and that there should be less Government interference with business. I have sympathized with this view, and believe that it is applicable to foreign trade as well as to domestic business. I am of the opinion that now, more than two years after the armistice, the nation should resume its usual business methods and return to its reliance on the initiative, intelligence and ability of its business leaders and financial institutions."

Congress, in passing the measure over the President's veto, doubtless acted on the belief that an emergency existed which called for the most immediate remedy possible.



The New Business Department

A Working Plan for Its Establishment and Operation in the Average-Sized Bank

By H. B. Grimm*

This plan is applicable for adoption by institutions in towns of 10,000 to 100,000 population. Every feature set forth is practical, not theoretical—in fact the majority of them are in actual and successful operation in a town of 25,000 population in one of the central states.

THE new business department, called by some business extension or business development department, is a composite of old ideas in new clothes, operated upon a more extensive scale, along modern lines.

It is the logical result of two things: 1, more intense competition; 2, the desire of progressive banking institutions to render more practical and constructive service.

WHAT THE PLAN CALLS FOR

In this plan there is no place for old-fashioned ideas or men, no place for tradition, precedent or so-called dignity. It calls for the adoption and application to banking of modern sales and publicity methods as practiced in commercial business. It calls for vision, initiative and a willingness to consider and do some things that too conservative bankers would regard as radical. It demands liberality in thought, policy, action and possibly finances—in short, it means to be progressive.

Before any banking institution can hope to successfully "sell" itself and its services to its employees, customers and prospects, the management must first "sell" themselves upon the idea and value of appropriate selling and publicity methods as a mighty power in the upbuilding of that institution; must "sell" themselves upon welfare and efficiency methods as a means of giving better service to the public.

PROGRESS

Manifestly a bank cannot afford to stand still—cannot wait for business to come to it, as in days gone by. Its

position among its competitors will be largely determined by the character and scope of the new business and publicity methods it pursues. The strategy of competitive banking is in creating or securing a desirable customer while a less progressive competitor is "getting ready" to do likewise. In other words, if a banker in this day and time stops to hem and haw and quibble over methods, policy and expense, a competitor will be out getting business that with a little effort should rightfully be his.

There is no reason or excuse why a bank should not advertise and sell its services just like the corner drug or grocery store, even though its various services constitute its sole commodity or stock in trade.

If your bank has "real" service for sale—advertise it—now and always. If your service, which really means your bank, won't stand advertising, better sell out and step out so some one can give your community and territory banking service such as it needs and is entitled to receive.

To establish a new business department provides opportunity to realize upon the prestige of your bank and the good will of the community towards it—enables you to convert these valuable items into actual new business.

IMPORTANCE OF NEW BUSINESS DEPARTMENT—ITS SCOPE

A new business department is more important and valuable than any other department of a bank. In fact it would

*This paper by Mr. Grimm won the third prize in the banking article contest recently conducted by THE BANKERS MAGAZINE.

be impossible to accord too much importance or dignity to its functions.

This department helps make more profits, which means larger dividends. It means an increase in volume of business, which automatically advances the bank's standing in the community. It enables employees to broaden the scope of their knowledge and usefulness, makes the daily routine more interesting. It helps to make salesmen and executives out of more or less raw and untrained material and increases the possibility of more rapid promotion. It will instill institutional pride in the employees, give them an added sense of responsibility and arouse their loyalty—in short will build up an organization of men and women interested in their work and ever alert to make suggestions as to ways and means of increasing the service and profits of the bank.

Every member of the organization, from stockholders, directors, officers, on down through the most minor employees and the janitor—belongs to and is a part of the new business department. It is not only a privilege, but a duty, for these people to willingly help build up the institution that pays them salaries or dividends.

Almost every phase of activity is part and parcel of this department, the composite being made up of welfare, sales, publicity, research, record, statistical, analysis, educational, complaint and employment departments, in addition to being a sort of lecture bureau and a standing entertainment or social committee.

The spirit of the new business department must never be pessimistic, downhearted, out of "pep" or smiles—it must be inspirational always—be the mainspring and dynamo of the "whole works."

WHAT ADVERTISING CAN DO

Before we go into working details, as condensed and outlined in the chart, in fact before we see WHAT and HOW a bank CAN and SHOULD advertise, let us consider what advertising can do:

ADVERTISING

COMPELS attention and action;
ANTICIPATES antagonism;
DISCOUNTS prejudice;
SAVES misunderstandings;
CREATES favorable impressions;
STRENGTHENS prestige;
DEVELOPS coöperation;
MAKES permanent friendships;
INSURES future success.

To sum up, appropriate advertising, intelligently planned and executed—will through education accomplish the desired result.

To add intensive selling methods and *make a team of the two* (advertising and selling)—increases the possibilities of accomplishment.

WHAT WE EXPECT TO ACCOMPLISH

Now let us summarize just what we expect to accomplish through the establishment and operation of a new business department. We are going to:

1. Secure new accounts.
2. Insure less 'closed' accounts.
3. Stimulate dormant accounts.
4. Increase the departmental activities of customers.
5. Build a loyal and more productive organization.
6. Enlarge profits.
7. Increase size and standing of bank.

With these seven essential items in mind, we can now take up the details in connection with each division shown on the chart reproduced herewith, the first of which is the

MANAGER

In larger banks and trust companies the new business and publicity departments are often segregated, but this should be only a physical division and not a division in spirit or unity of action and purpose. Likewise welfare, employment, educational, entertainment and other activities are often handled separately and apart from the new business department. But in order to have a working basis, we are going to assume, as is true in the majority of cases with the smaller banks, that one individual will be manager or director of this important work and that he or she will

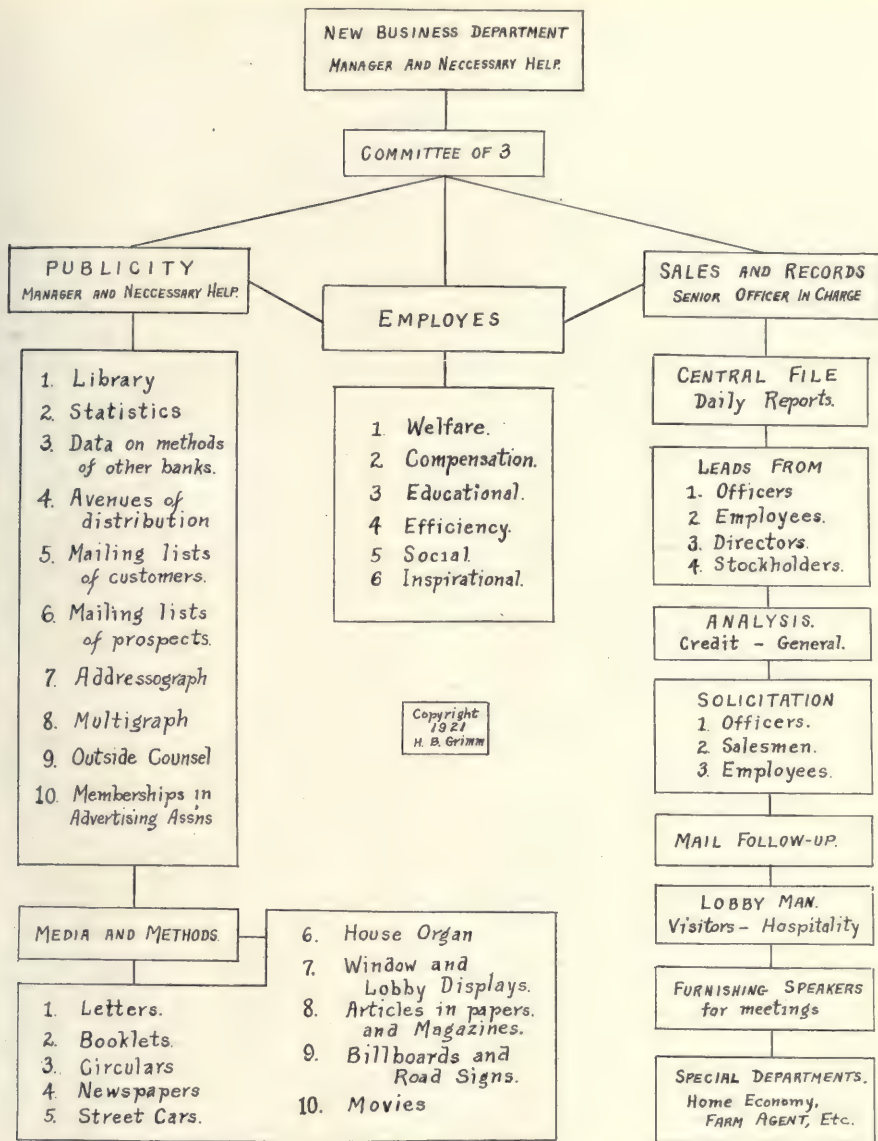


Chart showing organization of the New Business Department

have as many assistants as the volume of work calls for.

This department being one of the most, if not the most important department of a bank, the manager should be most carefully selected and should have a ranking title such as vice-president. This will assure the respect and dignity to which he is manifestly en-

titled and which is so vitally important to the department.

If possible a man experienced in this work, especially in financial publicity, should be procured. The work calls more for advertising and selling experience, plus an ability to organize, than it does knowledge of banking. Remember, it is an important department, so

employ a big enough man to direct or manage it.

COMMITTEE OF THREE

The department manager should have the assistance and coöperation of a "Committee of Three" senior officers or department heads with whom he may counsel, and secure approval or rejection of different plans, ideas, efficiency suggestions, advertising copy, etc. The manager should have authority to proceed on his own initiative in most cases, without being hampered by having to combat the personal inclinations or ideas of others not so well posted in this specialized work. On the larger and more important items, he should, and will naturally be glad, to consult with the Committee of Three. The responsibility for the success of the work under his direction should be his. In turn, he should have the knowledge and ability to analyze the field in which the services of his bank are to be marketed through his department.

CABINET MEETINGS

In order to coördinate to the best advantage the efforts of the forces working under the manager's direction, it is necessary that he be constantly in touch with each department and know of any changes in policy or methods. To this end, it will be found desirable and profitable to hold what might be termed "cabinet meetings," the personnel of which should comprise all officers and department heads. These meetings should be held at least once each week and a regular order of business should be followed. Condensed reports of the growth or decrease in business in each department should be read, specific campaigns for certain phases of business in various departments should be explained and discussed, so that all departments may be familiar with them and coöperate to the fullest extent.

EMPLOYEES

The success of practically all publicity and sales efforts reverts to the

working force, for it is only too well known that one or two clerks or officers who are not thoroughly in accord with the aims of the new business department or who have not been thoroughly trained or coached in this work, can impair or destroy altogether the good effect planned, lose business and profits by driving away customers and prospects and cause an investment in publicity and sales effort to become an expense or an absolute loss.

Before proceeding very far, then, it is imperative that we must first secure the hearty and active coöperation of every employee and officer—build our foundation, so to speak. It is presumed that the directing head of the bank is in sympathy with the new order of things, although this is not always the case. Once let the employees and officers see and understand that the head of the bank is back of the new business department to a finish, once let the organization know and feel that this department is working for their best interests, progress will be much easier and faster. When employed to establish such departments, I make very little effort along other lines until I have assured myself of this very necessary support and coöperation.

Welfare

Under this head come such things as seeing that the employees have reasonable working hours, good working quarters, sufficient light and ventilation. The bond between you will be much closer if you learn something of their home life and assist them to meet vexatious problems and situations. Let there be a general fund to provide flowers for the sick, presents for the newly weds, a library of practical banking works and fiction. Encourage an employees club and provide a rest room and a lunch room if possible.

Compensation

See that adequate and equitable salaries are the rule. Establish a bonus system or profit-sharing plan, or both. A system of cash awards and special prizes for securing or holding business

is another good plan, these usually being given in connection with contests. Some banks who do not have room for their own lunch room pay their employees so much towards their lunch every day. Some banks pay time and a half for overtime work. Group insurance is another good plan.

Educational

One thing that will probably do more than any other plan to knit your organization closer together, arouse competitive spirit among them, etc., is to establish a study course. Meetings should be held right in the bank, weekly. These meetings can be conducted by or addressed by different officials. Talks by lawyers, professors, sales managers and others from outside the bank organization are also most helpful, interesting and entertaining. This will provide splendid training in banking law, general knowledge of banking functions and practices, salesmanship, speaking, etc.

Efficiency

Efficiency is of course very close to the previous subject of education, for education makes for efficiency. Institute a "round robin" or "round table" discussion at the weekly meetings of employees. This will develop constructive criticism and valuable suggestions that will pave the way to cutting many a corner, clipping five minutes here and ten minutes there off the daily routine. One day vacations once a month for each employee, during spring and summer months, in addition to the regular vacations, will provide rest and recuperation that will be reflected in better work and a better spirit.

Social

This is a pleasing and an important subject. Let the directors and stockholders, as well as the officials, make a habit of passing a pleasant word with the employees they come in contact with. Have occasional dinners, picnics, etc. For example, at Christmas have a Christmas tree for the force right in

the bank, lobby preferred. There is no greater builder of morale than "a good time was had by all," as the country paper would report it.

Inspirational

This is the keynote of all. Form a club among the employees. Let it be both social and business. For example, have a club such as a 15-20 Million Club, organized to increase the deposits during the year from 15 to 20 millions of dollars. Have a bulletin board where frequent messages can be gotten to all. Let these be in free and easy style, except where formality is necessary. If you have 35 or more people in your organization, publish a house organ or interior newspaper of some sort in which the "doings" of the bank are set forth in humorous and serious style. In other words, *inspire your people!* An ounce of encouragement becomes a pound of prevention and counts more than a ton of criticism or a wagon load of "don'ts."

SALES AND RECORDS DIVISION

This division should be in charge of a senior or junior officer, who should be a live wire. He should be one of the Committee of Three. As the department grows, he will probably have little time, if any, for regular banking duties.

Central File

The first thing to be done in this division is to make up a central or master file. This in itself is such a big subject that I will only outline it briefly. Most banks use a 4x6 card, a few the 5x8 size. Some use cards with "tabs," but the straight cut card will be found best, I think.

This card should show the name, street and city address and each department that the customer transacts business in. The number of the customer's saving account or safe deposit box should be shown.

In the larger banks credit information is sometimes carried on this central file card in a limited or extensive de-

gree. Where a bank has a credit department of some substance, a simple way is to show a symbol on the card of each customer for which there is a file of credit information. In the smaller banks, where it is possible for the officers to know pretty well the standing of local people, credit information can be dispensed with to a large degree or altogether. The more simple this card system, the better. It is easy to over-systematize.

The card should show the initials of two or three officers who personally know that customer. It can show when the different accounts were opened, the average balance, whether regular deposits are made on savings account or whether there has been no change in the account for some time. Cards covering those who carry large commercial balances, or of commercial enterprises, can show the other business connections of these individuals or the different officials and connections of the commercial enterprises.

Properly made up and maintained, this central file will be the most valuable and oft-consulted record in the bank. It will be the friend of everyone, from office boy up. It will be the "bible" of the publicity and sales divisions. It will give unlimited leads for new business. It will aid tellers and bookkeepers to quickly locate and straighten out discrepancies in other records. It will instantly provide accurate information as a guide in making loans, etc.

Daily Report

Most banks have some form of daily report on new and closed business, loans made, etc. This is a vital adjunct under this plan. The name, address, amount, reason why closed or the source of the new business should be shown when possible. From this report cards for new customers are made for the central file and cards of closed accounts removed. Likewise similar changes are made in the addressograph plate or mailing stencils in the publicity division.

Then letters of thanks to new and re-opened accounts, letters to closed

accounts containing an invitation to reopen, etc., should be sent out daily, using this daily report as a guide.

A summary column should be provided, so it can be shown for example that 10 commercial accounts closed out for a total of \$5,000, an average of \$500; that 13 commercial accounts were opened for a total of \$13,000, an average of \$1,000, etc. Thus an analysis of business in each department of the bank can be made at any time, covering a week, month, quarter, six months' period a year—all from the daily report.

Co-operation of Entire Organization in Furnishing Leads or Tips

Through letters and personal conversations, the sales division should develop the co-operation of stockholders and directors, urging them to influence desirable business to "their bank." These people should also be kept posted on all matters of interest, receive samples of all publicity, etc.

Officers and employees should operate a 'tip' system. Use a specially printed slip, about 4x6, upon which reports may be made as to where business may possibly be procured or how old business may be saved. Each officer and employee should turn in at least one tip each day. A score board should be kept, showing who is working hard for the bank along this line and who is a slacker. This turning in of tips should have a bearing on profit-sharing. It is surprising what valuable information has been slipping through the fingers of everyone all these years, until they are trained to know a lead or tip when they see it, and report it without fail.

Analysis—Credit and General

Each tip or lead must be analyzed in order to be sure that the business mentioned is of the calibre desired. If a tip measures up to the credit regulations or standards set, it is ready for solicitation, which subject we will take up shortly.

There are other forms of analysis

however. There is the analysis of commercial accounts to determine which are profitable or unprofitable, with the resulting adjustments to be made. This is especially true of small accounts, with balances under \$50 or \$100, upon which many banks now make a service charge of 50c to \$1.00 per month. It has been proven that every account of this calibre represents a loss to the bank of \$5.20 to \$11.60 per year. Some banks call it 'good will' advertising, not having nerve to make this fair and just service charge. Any bank that wants to do business on business principles must come to the point of making such a charge, or of transferring these accounts to the savings department where they will not be subject to such a charge and where the funds will earn interest for the owners. It is just as unsound for a bank to carry small accounts at a loss as to accept \$75 in payment of a \$100 note.

The business of each department should be analyzed in the same way in order that the proper overhead charges may be apportioned thereto as well as the proper proportion of the advertising appropriation expended thereon.

By using analysis in connection with the law of average, records can be built up covering every phase of work, so that when anything goes wrong in any department, danger signals in the shape of sharp contrasts to the average figures will show up. This gives opportunity for applying corrective methods or dictates the kind of appeal or education that should be used in future publicity.

Solicitation

More and more, progressive banks are developing personal solicitation to a high degree, or in other words, establishing sales departments or sales divisions of the new business department. A large bank recently employed a former manager of a public service corporation, at a big salary, because of his ability to organize and direct salesmen. A well known trust company has special salesmen who do nothing but sell 'trusts' to people of means.

After credit investigation has proven O. K. the better prospects should be brought up for attention at the cabinet meetings and allotted to officers to see and report on in a given number of days, the prospects being allotted according to the personal knowledge of or acquaintance with said prospects. A typewritten memo of the result of each visit should be turned in, a complete record kept of letters and literature sent, etc., so future sales arguments may be planned to fit each case.

The same general method should be followed where the bank has special outside salesmen, except it is not necessary to bring the more ordinary prospects up for attention at cabinet meetings. There should be a follow-up card for each prospect and the same thorough record of calls, letters sent, etc.

Possibly the employees at the windows have more opportunity for salesmanship than anyone connected with the bank. That is one big reason why so much time and attention should be given to training these employees along selling lines. Every time a window man runs up against a promising prospect, whether it be for an account, a safe deposit box, a bond sale, a trust, or what not, he should be able to talk fairly intelligently upon the subject and then turn in a tip to be followed up by personal call or letter or both. Where a branch of the new business department is located in the lobby, that is, a desk with a man in charge, whose duty and sole business it is to handle prospects who come into the bank, then the employee should see that the prospect reaches this desk, is introduced, etc.

Mail Follow-up

Where a bank has a limited number of officers, or no outside salesmen, the mails must be resorted to in a greater degree, although they should likewise be used freely in any case. Strong and timely selling letters, attractive literature, etc., are hard to beat as business getters.

This mail follow-up should take care of all leads and tips turned in by employees and officers, especially tips on

new residents, new enterprises, etc. It is difficult to wean business away from competitors, but easy to land new business before it has had opportunity to affiliate with competitors.

Lobby Man—Visitors—Hospitality

First impressions stick longest. They often clinch or spoil the selling of a bank's services to a prospect. What is more discouraging than to go into a bank expecting possibly to open banking connections and be chilled by the gruff, reserved demeanor of some uniformed lobby 'policeman'? If ever a smile and a hearty greeting, plus intelligent, courteous attention are needed, here is the spot where they can score 100 per cent.

Possibly the individual coming into the bank is only a visitor, a school teacher looking for information regarding banking methods; maybe a bashful laboring woman. Then again the visitor may be president of a corporation or an out-of-town bank, or an old gentleman come in to see about the handling of his property and estate. You can never tell by appearances how much profit the bank stands to make out of any one entering the doors. So see that your lobby man extends the glad hand of genuine hospitality and cordiality. I claim a good lobby man is worth as much to the bank as any senior officer.

Furnishing Speakers for Meetings

Here is an opportunity for advertising your bank, in a subtle, diplomatic way. Your Rotary and Kiwanis clubs, your business men's clubs, your Chamber of Commerce or Board of Trade, your schools, factories—all welcome and forever seek men who can and will address their meetings in an interesting and educational way. Some of the large banks employ high salaried writers, students of economics, etc., to prepare talks and speeches without end, to be delivered by officers employed largely for that purpose. The American Bankers Association has just established a Committee on Public Relations, the purpose of which is to educate the

public further to the advantages of banking, etc.

Farm Agents, Home Economy Departments, etc.

Banks located in farming territories can do no better than to establish rural service departments, in charge of a former county agent or an experienced agricultural student, in order that service may be rendered farmers in their territory through encouraging the raising of larger crops, better stock, etc.

For banks in manufacturing towns, some special department such as a home economy or demonstration department usually prove good winners, not only from an advertising standpoint but from the profit side of the ledger.

PUBLICITY DIVISION

The publicity division is usually the most active of all divisions or phases of new business work. More frequently than otherwise, the new business department evolves from a publicity department—and the same man manages all sales and publicity efforts, with the aid of course, of the necessary help.

Publicity, as we will take it up, is divided into the two heads of equipment and media or methods. In other words, the following outline covers HOW and WHAT the bank CAN and SHOULD advertise and the tools or machinery used.

Library

Most banks have accumulated numerous books on banking, banking law and procedure. Add to these all books published on financial advertising and selling methods, good books on economics, publicity and sales methods as used in mercantile lines, etc. Instead of allowing the many publications that come in to be scattered and destroyed, see that they are kept in a certain place handy to all—and see that they are returned so others can use them. Encourage the employees to use this library to the fullest extent. It is good policy to purchase for any employee any course or book he may wish to study, same to become a part of the

library. I know banks where many of the employees can make a better talk than the officers, where the employees are better posted along certain lines. That is why there are so many young men leaders of finance today.

Statistics

Gather, file carefully under indexes, sub-indexes and cross-indexes, all statistics with regard to banks and banking. There is no telling when such information will be of great value.

Methods of Other Banks

While it is not a good idea to spend too much time looking over the back fence of your neighbor, or competitor, it is good policy to be posted on the best methods of progressive banks in other parts of the country and you will obtain more good ideas along this line than you will be able to install. Besides, it will make you surer of what you are doing.

Avenues of Distribution

By this is meant the channels in which you can get the name of your bank before the public in a favorable light, such as distribution through school children, Boy Scouts, factory organizations, house-to-house distributors, inserts in daily papers through news agents, pay roll envelopes in factories and stores, letters to stockholders with dividend checks, enclosures with pass books or statements, literature handed out by the lobby man or special departments.

Mailing Lists, Customers

Mailing lists are worse than worthless if not kept up to date. They cannot be kept up to date or complete unless full data is secured at the time accounts are opened or other business is entrusted to the bank. Here is where the new business department acts as sort of official 'prodger' in seeing that proper records of customers are kept. Where an addressing system is used, such as an Addressograph, you will have an address plate for each cus-

tomers. Where no such mechanical equipment is maintained, your central file provides a complete and accurate list of customers and their departmental activities.

Mailing Lists, Prospects

What has been said about mailing lists of customers applies largely to mailing lists of prospects, with the exception that it is not always advisable to make an address plate for each prospect, in which case, well arranged lists or card records should be maintained.

Daily papers should be watched for notices of deaths and the information run against your records and central file, for nothing creates a worse impression than to mail a letter to a deceased person. Marriage reports in the papers should be followed through in the same way and the information noted upon the cards of women whose names thus automatically change.

At least once a year, a return post card should be sent out to each name on all mailing lists, asking that correct present address be furnished you.

Addressing Machinery

There are several first-class equipments on the market, that print from type, plates or stencils. Two good systems are the Addressograph (from metal plates) and the Elliott (stencil).

A plate should be made for each customer and for the better prospects. Use indicator tabs to show which department each customer does business in, other tabs to show what departments he is a prospect for. Envelopes can be addressed and letters filled in quickly, neatly and correctly, on an instant's notice. Some few banks do not have such mailing machinery, but the majority find it a paying investment in more ways than one.

Multigraph or Duplicating Machine

The larger the bank and the more numerous the customers and prospects, the more use for a machine that will produce imitation typewritten letters. Many banks use the multigraph, because

not only letters can be produced quickly and economically, but many small office forms printed, either as a regular proposition or in an emergency.

Outside Counsel

Most every bank that advertises energetically employs outside counsel or assistance of some sort. The number of experienced financial publicity and new business men is limited and the demand great. The larger the bank and the volume of advertising to be handled, sometimes the more necessary it is to have both counsel and assistance from a specialist or advertising agency.

Membership in Advertising Clubs

It is well for the publicity manager to be a member of the local advertising club, where there is such a club. Also there is a worth-while organization, the Financial Advertisers' Association, to which more than 500 progressive bankers and bank publicity men belong, the purpose being co-operative service through exchange of ideas, material, etc.

MEDIA AND METHODS

Many banks use all of the forms of publicity listed, and more. Others do not favor some of the methods mentioned. In certain cases some of these forms or methods would not be practical or profitable to use. Local conditions differ. Common sense and good judgment must be used in the selection. None of them, used singly, can produce the desired result. All have their place in a well rounded publicity campaign, each helps the other by strengthening previously created impressions, stimulating action, etc.

It is the general opinion that direct mail advertising, that is, letters, booklets, folders, etc., produce the best results. This is certainly true when these are used in connection with the other methods.

Direct advertising is individual, timely, flexible, selective, confidential, economical and forceful.

Newspapers

Daily papers are recognized as a means for effective publicity. Banks

that use no other form of advertising, use newspapers. Newspaper advertising should be practically continuous, year in and year out. The number of papers in a town, the rates, the situation to be met, etc., all determine the size of space and the frequency of insertions that should be used.

Your copy should be human. Talk to the people through the papers as you would talk to them face to face. Make your message brief, have it well displayed, illustrate it when you can, use distinctive borders or type faces, feature your trade-mark or building, use a slogan, etc. Don't tell the people too much about what your bank *has* done. Tell them how it can help them *now*. Educate them to use the bank in more ways than they have been accustomed to use it. Tie up your copy with local happenings or national movements. If you have a bond or investment department, warn against "blue sky" stocks. Plan your work in advance so as not to jump from one subject to another but have a specific campaign covering each phase of your business—and then do it all over again next year, in new words and new ways.

Street Cars

Cards in the street cars are especially good for advertising for savings deposits, but not so good on the whole for commercial or trust business, because men and women of means ride in automobiles more often than in cars.

House Organ

Many banks publish a monthly House Organ or magazine. Some publish it entirely for the benefit of the organization, some mail it to the general public and customers. Properly handled and edited, it is a wonderful builder of co-operation and inspiration for your employees. It should contain both serious and humorous matters.

Window and Lobby Displays

Where possible, have window displays. Where this cannot be accomplished, much good can be obtained from displays in the lobby. More and more, banks are displaying their 'wares' in

miniature window displays, using striking poster designs, etc. Several good books on this feature are to be had.

Articles in Newspapers and Magazines

There is no better advertising than items of interest run in your local papers, which you can secure if you do not try to advertise your bank too much in the write-ups. The same is true of financial publications. Tell your public and the banking brotherhood of such items as the profit-sharing plan you operate, changes in the official family, of new services installed, special plans developed, etc.

Bill Boards and Road Signs

Most country banks make use of road signs of some sort, large or small. If kept freshly painted, with pertinent messages changed frequently, they will bring business from many sources. The same applies to bill boards or painted

bulletins in the downtown and residential districts of larger cities.

Movies

Some moving picture houses do not run advertising slides or films. Many do, however, and here is a chance to get a good message across at small cost. But do not use the ordinary cheaply prepared slides. Get up something good, with a punch, something timely.

I have not mentioned novelties, calendars, pencils, advertisements in dance and church programs, because personally I do not believe in these items. Occasionally there is opportunity to use a high-class novelty. There is absolutely no excuse or reason for throwing away money on the average program. Some banks say they cannot get away from such donations, but I know lots of them that have a fast rule on this subject, to which they stick, without fail.



Savings Banks in the Present Investment Market

By Reginald P. Ray

THE value of the U. S. dollar, which receded to its lowest point in late 1919 and early 1920, is slowly regaining some of its lost purchasing power. This is evidenced by the receding prices in clothing, leather, lumber and other staples. At the very time when the dollar would buy the least in service and commodities it could command the greatest value in investment securities. Liberty Bonds were obtainable in the open market at prices as high as 6.40 per cent. High-class Rails were being offered at $7\frac{1}{2}$ per cent. and the obligations of foreign powers were selling at prices netting the investor an even greater interest return.

Money, the commodity, was sold to borrowers at the same high levels as clothing, leather, lumber, etc., to consumers. Thus individual investors were enabled to obtain favorable interest re-

turns but were and are obliged to pay it out again in the increased cost of living and in taxes. The class of investors who profited most by the condition described was the savings banks. The investment market for them, presented a riot of bargains. With their income exempt from taxation they had free range of the Government and railroad issues and guaranteed mortgages. In the field of short-term securities the Treasury Certificates and bankers' acceptances netting 6 per cent. and better, provided a high income semi-liquid investment. Barring a comparatively insignificant increase in operating expenses, there was no attendant increase on the debit side of the ledger. In a comparatively few instances dividends to depositors were increased one-half of one per cent., but the number of banks which took this step was small and the

policy was generally dictated by unusual local conditions.

It is safe to say that instead of the one-half point which was general in pre-war days between the rate of dividend and the return on investments, the majority of savings banks in this state have been receiving during the past year from one and one-half to two points profit.

The result is that the surplus account of the savings banks will necessarily show a rapid growth during the life of these investments.

How long savings banks funds can be successfully invested at high income levels is a question which many investors would like answered. Upon the answer depends the future policy of the banks with respect to dividends. On its face it would seem that depositors should share in the high return from the investment of their funds, yet there are potent arguments against such a step. Already the investment market is showing unmistakable signs that the period of high interest rates has passed the peak. An increase in dividends would only lead to subsequent reduction with attendant dissatisfaction among the depositors. Another and more forceful argument against higher interest on deposits is found by scanning the list of investments of the majority of the savings banks in the state. Before the war, railroad bonds were regarded as an excellent investment for savings banks funds and were in many cases a close competitor in the amount of money represented with the other big item of savings banks investments, real estate mortgages. The fall of the bond market and the conditions which brought about its decline are familiar financial history. The very feature which was supposed to make the bond investment superior to the real estate mortgage; that it was susceptible of quicker liquidation, proved its weak point. Bonds dropped until the price of liquidation was ruinous. The value of bonds has improved very slowly and the prospect of a return to the price at which they were purchased is remote. There is, however, a chance of material improvement. Within the next two years many

issues of Government and corporate securities will mature, and because it is better finance to pay, when the cost of re-funding is high, payment will be made largely in cash. Thus great quantities of money, running into many billions of dollars will be paid to the investing public and the law of supply and demand will help the price of these bonds and will restore the interest rate to something approximating the pre-war standards. The keen investor will endeavor to sell out low income rails and municipals when the price reflects a fair improvement, and by reinvestment secure the benefit of the high interest rates before they fall back to normal. Real estate mortgages with or without a guarantee are usually the last to reflect market conditions, just as real estate is always the last to feel the effect of a change in general financial conditions. Therefore, it is safe to say that mortgages may be obtained by the wide-awake investor at $5\frac{1}{2}$ per cent. net, after the bond market has experienced sufficient improvement to justify the selling of bonds which are only netting $3\frac{1}{2}$ and 4 per cent.

Events scheduled to happen in the financial world are usually discounted from a year to six months in advance. Some of the issues which will mature in 1921 are as follows: American Tobacco, November 1, 1921; Armour & Co., June 15, 1921; Chicago, Burl. & Quincy, July 1, 1921; City of Paris expires October 15, 1921; Dominion of Canada, August 1, 1921; Gulf Oil Corporation, July 1, 1921; Keystone Steel & Wire, November 1, 1921; Liggett & Meyers Tobacco, December 1, 1921; Moline Plow Company, September 1, 1921; Pennsylvania Co., June 15, 1921; Proctor & Gamble, March 1, 1921; Swift & Co., August 15, 1921; Sears, Roebuck & Co., October 1, 1921; United Kingdom of Great Britain & Ireland, November 1, 1921. With this imposing array of obligations maturing in the immediate future and the probabilities that a large part of it will be paid off in cash, there is ground for the belief that the time is not far distant when the readjustment should be made.

The Detection of Raised Bank Notes

By Thomas C. Jefferies

Assistant Secretary, Manufacturers Trust Company of New York and Brooklyn

FOR centuries the security of mankind's precious possessions has been jeopardized by dishonesty. Caravans and gondolas in ancient times were abruptly halted and rifled by lovers of luxury who despised honest effort; to-day prototypes are as active and are no more respectors of persons or geography than were the footpads of old.

At the time of our Civil War, there appeared in America a new form of dishonesty. This was a crime against the Government consisting of the act of counterfeiting or altering national currency. Congress then authorized the organization of a special bureau whose duty it was to suppress all such practices. That bureau is the United States Secret Service, and it continues to be, as it has been during all the intervening years, the real "watch-dog of the Treasury." Nevertheless, despite the utmost watchfulness of this branch of Government service, bank tellers, commercial cashiers and others who handle money as an occupation are to a great extent at the mercy of counterfeiters and bill raisers. Their wit and intelligence must be far above the average.

Employers generally have been anxious to do everything they could to secure for their workers the maximum degree of protection to which all faithful employees are entitled, but at most there has been little that employers could do beyond cautioning their employees to familiarize themselves with all the details of genuine money; the metallic money, for instance, should ring true, it should not feel greasy, etc. The paper money, above all, should bear the proper portraits, and the bills should feel right. The paper in our currency is made by a secret governmental process and each square inch of it is accounted for after it has been manufactured. Engraving on genuine bills is clearly and finely cut—distinctive—and the little silk threads should

appear naturally in the sheets. Sometimes in counterfeits these are but ink marks, in other spurious paper they are genuine silk threads, but when the counterfeits are thus manufactured the paper used invariably splits at the edges or otherwise betrays itself.

The real danger to commercial cashiers and bank tellers has been from raised bills and to overcome the activities of bill raisers, measures have long been under consideration, but only recently was an effective bank note identification chart devised.

Bill raisers seldom attempt to alter the portraits on currency, merely changing the numerals—sometimes the words only, but more often both words and figures—and if bank tellers and others who handle money will make sure that the proper portraits appear on all currency they are asked to accept, they would have a quick and certain means of detecting these spurious raised bank notes.

During the war there was a lull in the operations of counterfeiters and bill raisers, but since the Armistice was signed there has been a decided increase in their activities, and it is probable that the approach of any period of business depression would mean still further increase in the number of counterfeiters at work and in the output of each. The need of greater vigilance on the part of bank tellers, commercial cashiers, paymasters and others who handle money is therefore imperative if they would protect themselves from being victimized.

The bank note identification chart gives in order the names of the men whose portraits appear on all denominations of Federal Reserve notes and bank notes from one dollar to one thousand dollars, and in each case furnishes an accompanying likeness of the individual. In addition, it gives the names of the

men and the characteristic designs that appear on other and less extensively used issues of currency, such as the gold and silver certificates, United States notes, Treasury notes and national bank notes. The chart is made on heavy card-board and proves a valuable aid to tellers and cashiers when placed near the windows of their cages so as to make possible the instant verification of portraits on bills at a glance as the latter are being counted. The chart has been approved by representative business and professional bodies and it is in use in many financial institutions in the United States.

This country has experienced a great deal of trouble in the recent past with raised bank notes—usually Federal Reserve notes, such as ones, twos and fives; the ones being raised to tens, the twos to twenties and the fives to tens and twenties. According to a high official of the United States Secret Service, bank tellers, storekeepers, cashiers and others are frequently victimized and are forced to pay a high penalty for their failure to familiarize themselves with

the proper portraits that should appear on bills and notes of the different denominations. Tellers and cashiers should all know what portrait to expect on the various denominations of our currency. In most instances alterations are confined simply to changing numerals in the corner of the bills. Latterly, however, change has been made also in the printed amounts—usually by mutilating one of the notes. Handlers of money frequently see such mutilated bills passing through their hands, but do they all realize the significance that attaches to such mutilation?

Bill raisers generally pause when they reach the portrait on a bill. It would be the best protection as well as education that bank tellers and commercial cashiers could have if they would learn to count currency by portraits. To help them in protecting themselves and to enable them to familiarize themselves with the portraits on the different denominations of bills the bank note identification chart has been devised.



Is There Any End to Banking Service?

THE idea of banking service is growing by leaps and bounds.

Not many years ago banks confined themselves entirely to strictly banking services and, in some cases, even these were performed in such a way as to create the impression that the client was imposing on the time and good nature of the bank. Now-a-days, everything is changed. There's hardly anything that your bank won't do for you. The announcement that an Ohio bank will get you theatre tickets, railway transportation, hotel accommodations and the like has inspired a writer in the *Oklahoma News*:

A Cincinnati bank has pushed the general scheme of banking business quite a few notches ahead.

This bank will accept your money and will loan you some and will serve you in other well known ways.

But all banks do that.

This Cincinnati bank goes farther. It now accommodates the vacationist, the tourist, anybody with a trip ahead.

The bank will plan the trip, select the hotel, obtain the transportation.

It will get you theatre tickets for you, and will help you choose a college for your son. About the only thing the bank won't do for you is to point out the few remaining wet spots in the city you are going to visit.

Gott'er find 'em for yourself.

* * *

Fine idea for a bank, isn't it? But it doesn't go far enough.

Banks ought to be more enterprising than that.

Ought to do something more for their customers.

Maybe the bank of the future will enlarge its activities.

* * *

It will do your marketing for you. And buy shoes for Willie if mother is too busy to run down town.

If you want your lawn mowed, or the snow shoveled call up the bank.

For quick work in dragging the flivver out of a ditch call the bank.

If you wake up in the night and observe burglars working overtime don't disturb the policeman; call the bank.

If you want to enjoy the matinee leave the baby at the bank until you are ready to scamper back home.

Should you become possessed of a desire to lick the baseball umpire, pass the job on to the bank.

* * *

Indeed, it is altogether likely that the day is coming when banks will be able to do anything for you except lending you a dollar without considering the matter six weeks and unwinding a mile of red tape.



Bankers Find Cars Assets in Business

Rural Financiers Report More Than 50 Per Cent. Gain Through Automobile Use

BANKERS are increasing the output of their business 33 per cent. through use of the automobile. Financiers in rural districts say that more loans, better inspection of properties, sounder acquaintanceship with their clients, is made possible by means of the automobile. Many country bankers estimate the increased volume of trade due to motor travel at over 50 per cent. Some put the added increment at several hundred per cent.

These statements are based on replies to thousands of question cards sent to car owners of varied occupations in ten major states of the union by the National Automobile Chamber of Commerce.

The figures compiled from these replies average as follows:

Annual mileage	6,334
Annual mileage used in business (34 per cent.)	2,185
Average increase in business due to car ownership	33 per cent.
Percentage of owners improving their living conditions through motor travel	34 per cent.
Mileage used instead of railroad or trolley (31 per cent.)	1,950

The average figures, however, do not tell the story very clearly because the

conditions vary considerably between the city and the country bank business. The city banker uses his car comparatively little in his commercial affairs because so much of his work is within the four walls of an office. Consequently the direct gain which his car can bring him in business is small. On the other hand, the reports from urban sections show a heavy percentage of banker users who improve their living conditions through automobile travel. City dwellers are enabled to live comfortably in the suburbs through ownership of a car. This factor, on the other hand, is of small interest to the country financial man who has all the fresh air and green grass that he wants.

The variety of uses of the car to the banker is illustrated by the following replies received from financiers:

"Car use even on trips for recreation gives a banker much better understanding of his customers' condition, particularly livestock customers."—Douglass, Wyoming.

"I now live in suburbs, saves me two-thirds of my rent and about \$5 a month railroad fare."—Highland Springs, Va.

"Attend to all ranch loans personally that could not be handled otherwise."—Rawlins, Wyoming.

"Cannot do without car."—Addison, New York.



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

IN my wandering about, I meet not only many bankers but a great many men in other lines of business. Just now it is mighty interesting to hear praise of his banker's wisdom falling from the lips of the man who, only a few months ago was calling the same banker a tight-wad and an ultra conservative fossil because said banker wouldn't loan him money to increase his stocks of goods and raw materials. As one man said: "If the bank had loaned me what I asked for at that time, I would find myself today loaded up with stuff that couldn't be moved at half what I would have paid for it."

I sat in a country bank the other day and heard the treasurer give advice on chicken raising, borrowing money, selling land, how to cure a cold, what bonds to buy, where there was a vacant house and the name of the man who had it in charge, whether to build a factory addition now or later, what vacant land in a certain section was worth, and a lot of other subjects. I'll say it is some job to be a country banker and live up to all the requirements, but this man was doing it and it was perfectly evident that he stood high in the hearts and minds of his fellow townsmen.

A bank that has been highly successful with its Christmas Savings Club, adopted the plan of deducting \$5.00 from the amount due to the Club member at distribution time, and the five dollars was placed on deposit to the member's account in the Savings Department of the bank. If the member had fifty dollars coming to him, for instance, the bank sent him a check for \$45 and a savings account book showing \$5.00 to the member's credit. The plan aroused no resentment, it opened a lot of new savings accounts that have since shown growth, and it has given the bank a great deal of publicity. Seems to me the plan is far better than the older one of dividing the amount due the member into two checks of nearly equal amounts in the hopes that one of the checks would be deposited in the savings department.

A bank officer told me that one day a customer of the bank submitted a statement of his concern to support an application for a loan. At the subsequent directors' meeting the application was approved by all the directors except one old fellow who protested that the statement showed very heavy expenditures for advertising and he, for one, would vote to cut down the loan and suggest that the customer save the balance of the amount by cutting down his advertising appropriation. The customer was called and explained that his advertising was all done under expert direction, and results, carefully tabulated, showed that the growth of his business was due directly to this advertising. Still the old fellow protested that, now that the business was firmly established, it would run on without so much advertising. That old fellow needed an elementary course in advertising.

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



IMPORTANT essentials in the service offered by the modern bank are quality and comprehensiveness. We have maintained the first through our existence of more than a century. The second is secured through our foreign, trust and investment services, which supplement our regular commercial banking functions.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Head Office: 20 Nassau Street

Capital, Surplus and Profits

\$25,000,000

Deposits, December 29, 1920

\$224,000,000

The National Bank of South Africa, Ltd.

Bankers to the Union Government in the Transvaal, the Orange Free State, and Natal, and to the Imperial Government.

Subscribed Capital £ 2,965,000

With Power to Increase to 4,000,000

Paid-Up Capital and Reserves . . . 4,215,000

HEAD OFFICE - - - - - PRETORIA

General Manager : E. C. REYNOLDS

Deputy General Manager, W. DUNLOP

Assistant General Managers, A. CAMPBELL DUFF, DANIEL H. SWART (pro)

LONDON OFFICES :—Circus Place, London Wall, E. C.

18 St. Swithin's Lane, E. C.

25 Cockspur Street, London, S. W.

Manager, D. CUNNINGHAM

LONDON BANKERS : Bank of England, London Joint City and Midland Bank, Limited, etc.



List of Branches and Sub-branches

Cape of Good Hope.....	158
South-West Protectorate.....	9
Natal.....	71
Orange Free State.....	79
Basutoland.....	1
Transvaal.....	157
Swaziland.....	4
Rhodesia.....	9
Portuguese East Africa..	10
Nyasaland.....	4
Tanganyika Territory...	4
Kenia.....	5

**Port Louis, Mauritius,
St. Helena**

**Also Branches at Antwerp,
Belgium, Bombay, India**

Banking Business of Every Description is Transacted at all Branches. Bills on all points negotiated. Letters of Credit and Drafts issued and Commercial Credits established on all Branches and Agencies of the Bank in Africa and abroad.

NEW YORK OFFICE : 10 Wall Street, New York City, U. S. A.

R. E. SAUNDERS, Agent

Offers to American Banks and Bankers its superior facilities for the extension of trade and commerce between United States of America and Africa.

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Injunction Against Honoring Letter of Credit Denied

Frey & Son v. E. R. Sherburne Co. and
National City Bank, New York Su-
preme Court, Appellate Division.

A LETTER of credit, issued by a bank in connection with a transaction involving the sale and purchase of goods, is a complete and independent contract. The bank is bound to honor drafts drawn against the letter, in accordance with the provisions of the letter, and irrespective of any dispute between the parties to the contract of sale.

In this case the plaintiff company purchased a quantity of sugar from the defendant company, to be shipped from Java. The contract of sale called for payments to be made in cash in New York City upon the presentation of a warehouse receipt or delivery order and required the plaintiff to furnish an irrevocable letter of credit for the full amount of the purchase price. The letter was obtained from the defendant bank.

The contract of sale contained a provision that, if shipments of sugar were not made on the dates specified in the contract, the purchaser might cancel the contract as to any such shipment. This provision, however, did not appear in the letter of credit. Claiming that he was entitled to cancel the contract, the purchaser brought this action for an injunction, restraining the seller from drawing drafts against the letter and the bank from honoring any such drafts.

It was held that the purchaser was not entitled to the injunction. The letter of credit, as stated, was a separate contract and the bank was bound to pay any draft drawn in accordance with its terms. The purchaser's remedy for any damages that might be sustained was to sue the seller for breach of contract, or to bring action against the bank in the

event of its violating any of the provisions of the letter of credit.

OPINION

This is an appeal from an order of the Supreme Court, New York County, denying a motion for an injunction pendente lite.

GREENBAUM, J.—This action is brought in equity by the plaintiff, a buyer of Java sugar, permanently to enjoin the defendant Sherburne Co., the seller, from drawing or negotiating drafts upon a letter of credit issued by the National City Bank to the Sherburne Co. to secure the payment of the purchase price of the sugar, and permanently to enjoin the defendant bank from honoring or paying any drafts which may have been drawn and which now may be in the hands of third parties.

The facts, so far as material on the appeal, are that the plaintiff, a Maryland corporation, entered into a written contract in New York with the defendant Sherburne Co., a Massachusetts corporation, under which the plaintiff bought from that defendant 350 tons of Java sugar, shipments to be made from the Island of Java by steamer or steamers to New York in five separate shipments. Payment for the sugar was to be made in cash in New York on presentation of a warehouse receipt or delivery order, and the plaintiff was to furnish an irrevocable letter of credit for the full amount of the invoice. The contract also provided as follows: "Should any unforeseen circumstances, as accidents, stress of weather, etc., prevent the steamer or steamers hereafter declared against this contract from clearing within the time specified above, and the sellers or their agents be unable to supply other tonnage of equal character and capacity, the buyer has the option of canceling such portion of this contract as has not cleared with-

in the time specified above or taking the sugar for later shipment without claiming damages, and their decision is to be given immediately on advice from sellers that delay has occurred."

Carrying out the terms of the contract, the Sherburne Co. procured a letter of credit from the defendant National City Bank, under which the bank authorized Sherburne Co. to draw on it in the aggregate of \$164,640 on sight drafts accompanied by delivery order or warehouse receipt, invoice and warehouse certificate covering 350 tons of sugar, shipment of which was to be made in the quantities and during the months as specified in the letter of credit which were the same specifications of the sugar as those appearing in the contract. The letter of credit contains the following provision: "We hereby agree with bona fide holders that all drafts issued by virtue of this credit and in accordance with the above stipulated terms shall meet with due honor upon presentation at our export commercial credit department if drawn and negotiated not later than the period indicated."

The provision as to the defendant Sherburne's right of cancellation which appears in the contract between the plaintiff and the defendant was not embodied in the letter of credit.

On August 28, 1920, the defendant Sherburne Co., notified the plaintiff that the 45 tons of sugar referred to in the contract to be shipped in July had, in fact, been shipped on the Steamer Karimoen and that the steamer was expected to arrive in the second week of September; that as matter of fact the steamer did not clear from Java in July, but that it did clear about August 15, and that therefore the plaintiff elected to cancel the contract. Based upon the foregoing alleged facts, the complaint states that notwithstanding the exercise of said option by the plaintiff as aforesaid the defendant Sherburne Co. threatens to negotiate, or present for payment, a sight draft upon the defendant bank for the purchase price of the said 45 tons, and the defendant National City Bank threatens

to pay such draft if so presented or negotiated. It is also alleged that the defendant Sherburne Co. refused to notify plaintiff Frey as to the names of the vessels for the next shipments for 100 tons for July or August, and that the defendant National City Bank acknowledges the right of the defendant Sherburne Co. to negotiate or present for payment drafts for the purchase price of the remaining quantities of merchandise mentioned in the letter of credit to be delivered on the presentation of the documents required by that letter.

The contentions of the defendants are, first, that according to the complaint there existed two distinct contracts, one between plaintiff and the Sherburne Co., being the contract of purchase and sale, and the other being the National City Bank and the defendant Sherburne Co. and the holders of drafts drawn in reliance on the letter of credit under the terms of which the defendant bank agreed to pay drafts drawn in accordance with the letter of credit regardless of the terms of the contract between the plaintiff and the Sherburne Co. as to the right to cancel the contract and which is not mentioned or referred to in the letter of credit. Secondly, that the plaintiff has a full and adequate remedy at law. Third, that no injunction may issue against the bank paying drafts in the hands of third parties, which were drawn in accordance with the terms of the letter of credit, regardless of any other terms in the contract between plaintiff and defendant Sherburne Co. Fourth, that as matter of fact there was no breach of the contract between the plaintiff and defendant which gave plaintiff the right to cancel it. And, moreover, that the contract did not require Sherburne Co. to make a declaration at any time as to the steamer upon which the various shipments were to be made.

From our view of the case it is not important to discuss the rights of the plaintiff under the contract with the defendant Sherburne Co. In the case before us the letter of credit was an irrevocable one.

International Championship Won by Wallis

Wallis—America's Foremost Tractor—won the gold medal of the Royal Agricultural Society of England, and first prize (three-bottom class) in the society's international contests recently held in London.

Particularly will bankers be interested in the winning of this international championship, for it represents an award made, by an impartial board of engineers, only after the contestants had undergone the most grueling efficiency tests in all manner of field work as well as on the belt.

What better endorsement of tractor performance can there be than the winning of the Royal Agricultural Society's Gold Medal? The Wallis, not by this one remarkable performance but by its proved consistency, has its name synonymous with *more acres per hour*. Wallis power means more acres per hour, and every

banker knows that means more dollars per acre.

The ownership of a Wallis is the direct way to help a farmer help himself. Its continual efficiency logically results in better business management and greater prosperity for Wallis owners.

You need have no hesitation in accepting the judgment of the Royal Agricultural Society in addition to the thousands of American farmers who pin their faith to the Wallis. If you desire detailed information and especially what the Wallis is doing for farmers everywhere, we will reply promptly to your request for same.

J. I. Case Plow Works Company
Dept. A862, Racine, Wisconsin

WALLIS

—more acres per hour

NOTICE: We want the public to know that the WALLIS TRACTOR is made by the J. I. CASE PLOW WORKS COMPANY of Racine, Wisconsin, and is NOT the product of any other company with "J. I. CASE" as part of its corporate name

In the recent case of *American Steel Co. v. Irving Nat. Bank* (266 Fed. 41), the court held that a letter of credit "was a complete and independent contract."

In *Benecke v. Haebler* (38 App. Div. 344, aff'd 166 N. Y. 631) the buyer had notified the banker, who issued a letter of credit that the merchandise was not equal to sample. The court said: "I cannot see that the fact that the beans sent forward by Strauss were inferior in quality to those contracted for at all affects the question of the defendants' liability for moneys paid by the plaintiffs in discharge of an obligation assumed by them at the defendants' request. The kind or quality of the beans to be shipped by Strauss was not defined in the defendants' letter asking for a credit, and no duty devolved upon the plaintiffs to ascertain before accepting whether the goods shipped corresponded in quality with the goods ordered."

In *Agra v. Masterman's Bank* (L. R., Ch. App. 391, 1867) it was held that holders in good faith of drafts upon a letter of credit were entitled to the absolute benefit of its terms and are not concerned with differences existing between the parties to the contract out of which the letter of credit was issued.

It is equally clear that the bank issuing the letter of credit is in no way concerned with any contract existing between the buyer and seller. The bank is only held liable in case of a violation of any of the terms of the letter of credit. It therefore would follow that if the banks issued any drafts violative of the terms of the letter the buyer would have recourse to the bank in an action for damages for the breach of its contract. Similarly, if the defendant *Sherburne Co.* violated its contract with the plaintiff, the latter has a remedy in an action at law for damages against the defendant. It is not alleged in the complaint that the *National City Bank* is in financial difficulties, nor is it alleged that the *Sherburne Co.* is not financially able to respond to damages.

Our attention has been called to *Higgins v. Steinhardt* (106 Misc. 164).

We are of opinion that the facts appearing in the opinion of that case did not warrant the granting of an injunction. Interests of innocent parties who may hold drafts upon the letter of credit should not be made to suffer by reason of rights that may exist between the parties to the contract of sale in reference to which the letter of credit was issued. It would be a calamity to the business world engaged in transactions of the kind mentioned in this complaint if for every breach of a contract between buyer and seller a party may come into a court of equity and enjoin payment on drafts drawn upon a letter of credit issued by a bank. The parties should be remitted to their claims for damages in an action at law.

We think the order should be affirmed, with \$10 costs and disbursements.

All concur.



Surety Company Liable on Bank Depository's Bond

National Surety Co. v. McCormick, United States Circuit Court of Appeals, 268 Fed. Rep. 185

The treasurer of a sanitary district, upon depositing money in a bank, secured a bond, on which the bank was principal and the defendant surety company surety, to protect him against loss through the failure of the bank to repay the deposit.

The bond provided that the "bank shall well and faithfully perform and discharge its duties as such depository, and pay out the funds and moneys so deposited with it, and each and every part thereof, in accordance with the warrant, check or direction of the said * * * treasurer."

The treasurer deposited funds, for which he received from the bank time certificates of deposit and before the maturity of the certificates the bank failed. In an action by the treasurer against the surety company it was held that the bond covered time deposits,

as well as deposits payable on demand, and that the surety company was liable on the bond.

OPINION

In Error to the District Court of the United States for the Eastern Division of the Northern District of Illinois.

Action by J. A. McCormick, individually and as assignee, against the National Surety Company. Judgment for plaintiff, and defendant brings error. Affirmed.

Plaintiff in error is a corporate surety company, and as such, under date of June 2, 1914, it executed as surety, with the La Salle Street Trust & Savings Bank as principal, a surety bond to defendant in error as obligee, in penal sum of \$25,000, conditioned as follows:

"The condition of the foregoing obligation is such that whereas, the La Salle Street Trust & Savings Bank has been designated by said obligee as depository of funds and moneys coming into his hands as such treasurer of said Sanitary District of Chicago; and whereas, said obligee may from time to time deposit said funds and moneys with said the La Salle Street Trust & Savings Bank:

"Now, therefore, the condition of the foregoing obligation is such that if the said the La Salle Street Trust & Savings Bank shall well and faithfully perform and discharge its duties as such depository, and pay out the funds and moneys so deposited with it, and each and every part thereof, in accordance with the warrant, check, or direction of the said J. A. McCormick, as such treasurer, and shall account for and pay over all moneys received by it as such depository, then this obligation shall be null and void; otherwise, to remain in full force and effect."

June 12, 1914, the bank failed; defendant in error holding its two obligations as follows:

"The La Salle Street Trust & Savings Bank of Chicago. No. 247. Chicago, Ill., May 1st, 1914. \$25,000.00

John A. McCormick, Treas., has deposited with us twenty-five thousand dollars, payable to the order of himself in current funds on the 1st day of August, 1914, without grace, on the return of this certificate properly indorsed, with interest at 3 per cent."

"The La Salle Street Trust & Savings Bank of Chicago. No. 265. Chicago, Ill., June 11th, 1914. \$50,000.00. John A. McCormick, Treas., has deposited with us fifty thousand dollars, payable to the order of himself in current funds on the 3d day of September, 1914, without grace, on return of this certificate properly indorsed. Interest from June 3, 1914."

Both represent funds of the Sanitary District which defendant in error as such treasurer deposited in the bank. The first, as appears from its date, was deposited before the bond was given, and the last was issued to defendant in error upon his surrender of a similar obligation for like amount given March 3, 1914, and due June 3, 1914, not paid at its maturity, but surrendered and canceled upon the delivery of the new certificate the day preceding the failure of the bank.

Suit upon the bond was brought by McCormick, "Treasurer of the Sanitary District of Chicago," and the breaches alleged were the failure of the bank to pay the said two obligations then held by him. While the suit was pending, McCormick ceased to be treasurer of the Sanitary District, and thereupon an amended declaration was filed by him in his own name as plaintiff setting forth that he had resigned as such treasurer, and had fully accounted for and paid over to the said Sanitary District all moneys and funds which had come into his hands as such treasurer, and that said Sanitary District had executed to him an assignment of all rights, if any, which it had in and to the obligation sued upon.

By agreement in open court jury was waived and the cause submitted to the court, which found the debt at \$25,000 and the damages \$47,750—the last being the amount of the two obligations,

less certain dividends paid thereon by the receiver of the defunct bank—and it was adjudged that the debt be discharged upon the payment of \$25,000 with interest at 5 per cent., per annum from February 27, 1915. All these allegations of fact are undisputed, and are fully supported by the evidence.

ALSCHULER, Circuit Judge (after stating the facts as above), Plaintiff in error contends that in any event McCormick has no right of recovery; that the bond describes him as "treasurer," and that as treasurer only can he recover, but not in his individual capacity; that the Sanitary District itself had no interest in the bond, and was not protected by it; and that its assignment to McCormick conveys him nothing.

The Sanitary District is a public corporation, and the statute of Illinois which is its source of existence and power provides that its board of trustees shall elect a treasurer, who shall hold office during the pleasure of the board, which shall prescribe his duties and fix the amount of his bond to be given to the board. Chapter 24, section 346, Hurd's Rev. Stat. Ill. (1917 Ed.)

Rule 15 of the board, enacted pursuant to the statute and in force during all of these transactions, provides that the treasurer shall receive all moneys of the district, sign its checks, negotiate all its bonds, and make payments of interest on same, and pay bonds and interest at maturity, "and he shall convert into the treasury all sums received as interest on any deposit of the funds of the Sanitary District," fixes his salary at \$2,500 per annum, and his official bond to the district at \$3,000,000, and provides that—

"The selection of depositories of the funds of the Sanitary District of Chicago in the hands of the treasurer shall be entirely in the control of the treasurer, and no action of the board shall be considered as ratifying the selection of any depository by said treasurer, or in any way waiving the strict liability of said treasurer, for the custody of,

and accountability to the board, for said funds."

This would indicate that the contention is quite sound that the Sanitary District had no interest in this bond, but looked wholly to its treasurer and his official bond for its security. Who, then, but McCormick himself, had any interest in the bond, or could have been contemplated by the parties as being protected by it? It is suggested that when he ceased to be treasurer the action might be brought or maintained by his successor in office. If the district itself has no interest in it, what possible interest in it can his successor have; and when McCormick has made good his unqualified obligation to pay over to the district, what concern is it of either the district or the successor whether or not anything is realized on this private unofficial contract of indemnity?

It is urged that the rule of strict construction generally applicable to the obligation of sureties should be here applied. But this is not that ordinary contract of voluntary suretyship, as to which there has arisen a sort of tenderness toward sureties. This is a contract of insurance, entered into by the surety for the revenue which it derives from the business of suretyship, and in this relation the obligation should be treated as other insurance contracts, which are usually construed most strongly against the insurer.

The obligation of the treasurer to his district being absolute, any security which he might take for repayment to him of deposited funds would be wholly for his own protection, and the employment in the bond of the term "treasurer," following the name of the obligee, is descriptive only, not alone here of the person, but tending also to describe the funds for which the surety contracted liability if deposited with the bank; i. e., funds only which came into McCormick's hands as treasurer of the Sanitary District, and none others. We conclude on this point that defendant in error in his own name,

could properly maintain suit on the bond.

Next it is urged that McCormick had no lawful right to put out the funds of the district on time deposits, or in any way to place them beyond his power of immediate withdrawal, and that in consequence either the bond did not cover time certificates, or, if it did cover time certificates, that the bond is void, and no recovery can be had upon it.

The income of the district is largely from taxes annually assessed and collected, and may not be required to be paid out for many months after their receipt by the treasurer. The same rule 15 makes the treasurer the financial adviser of the board, and he of all persons should know at what times the available funds of the district are required to meet maturing obligations. There is no statutory inhibition upon the treasurer's deposit of funds with banks; indeed, in this day it would be ridiculous to assume that he must keep the same in his physical possession, at the risk of being deemed a violator of the law if he deposits them in banks. From the statute and rule above referred to it is evident, not only that it was not to be deemed unlawful and improper for him to deposit the funds, but that the receipt of interest on deposits was contemplated and permitted, provided only that the district was to have the benefit of it. It is not unreasonable to assume that he would be expected, though not required, to obtain the highest rate of interest consistent with safety and commercial practice, and it is common knowledge that the highest interest rate on bank deposits is carried by deposits on time certificates. Knowing, as the treasurer must be presumed to know, the financial needs of the district, he could with safety make deposits to mature at times when the funds are needed by the district, and thus secure for the district the largest interest return thereon. If he miscalculates, and places funds beyond the reach of the district when they are required, he and his official bond would be liable to make prompt restoration, wholly regardless of whether the funds were de-

posited upon time or call. We are of opinion that in making deposits on time certificates the treasurer did not transgress the law. This view makes it unnecessary to consider further the proposition that the bond is void and unenforceable if it contemplated indemnity against time deposits.

But plaintiff in error insists that the wording of the bond itself excludes time deposits as a subject of the indemnity. The contention is grounded on the condition of the bond that the—

"bank shall well and faithfully perform and discharge its duties as such depository, and pay out the funds and moneys so deposited with it, and each and every part thereof, in accordance with the warrant, check, or direction of the said J. A. McCormick as such treasurer, and shall account for and pay over all the moneys received by it as such depository, then this obligation," etc.

Counsel stress the words "warrant" and "check" as conclusively indicating that the deposits contemplated by the obligation were such only as were subject to immediate withdrawal by check or otherwise thus excluding time deposits. But the terms and manifest intent of the bond are too broad and inclusive to warrant such limitation. The word "deposits" is in no manner limited, and commercially it includes deposits of all kinds such as are customarily made with banks, and of which the most usual examples are checking and time deposits. We find no merit in this contention.

The case of McCormick v. Hopkins, Receiver, 287 Ill. 66, 122 N. E. 151, involved practically the same situation above considered. Another surety company had given McCormick its bond of indemnity against loss which might accrue to him through deposits of the same sort of funds in this same bank, and the action was against that surety company, predicated on this same \$50,000 time certificate of deposit. A reading of the opinion in that case makes it evident that the court, in substance, at least, if not in precise form, considered the propositions above discussed, and resolved them all against the conten-

tions of the receiver of that surety company.

Two questions are here raised with which that opinion does not deal, viz.: As to liability upon the \$25,000 time certificate of May 1, 1914; and as to recovery of interest.

Respecting the first of these, the claim is that, as the certificate antedates the bond, it does not fall within its indemnity, and that the court therefore erred in the inclusion of that certificate in the damages found. Finding, as we do, that the \$50,000 certificate, which postdates the bond, is clearly within the indemnity of the bond, and the amount of that obligation, less dividends paid thereon by the bank's receiver, largely in excess of the full penalty of the bond, it is needless for the purposes of this proceeding to determine whether the \$25,000 certificate would sustain action on the bond. It was suggested on argument that, if the question of contribution between surety companies should arise, the proposition of liability upon the smaller certificate might be important. We do not see how anything that may be done in this proceeding would bind or affect those who are not parties to it. Such questions must be determined if and as they arise, upon issues made between the then parties, wholly independent of what is here determined. As to plaintiff in error in this action, if there was error in including the smaller certificate in the damages as found, the error was harmless.

As to the proposition of interest, it is claimed that the damages were not liquidated, and that delay in payment was not shown to be vexatious, and that therefore interest is not chargeable under the statutes of Illinois. Chapter 74, section 2, Rev. Stat. Ill., provides that interest shall be payable on moneys after they become due—

"on any bond, bill, or promissory note, or other instrument of writing; on money lent or advanced for the use of another; on money due on the settlement of account from the day of liquidating accounts between the parties and

ascertaining the balance; on money received for the use of another and retained without the owner's knowledge; and on money withheld by an unreasonable and vexatious delay of payment."

Where the action is on a bond, it does not have to appear that there has been a liquidation or a settlement, or that the delay of payment is vexatious, in order that interest may be allowed. It is sufficient that it is a bond which was sued upon, and that the money was due. The court allowed interest at the statutory rate from date of commencement of suit, and in this there was no error. *Illinois Surety Co. v. Davis*, 244 U. S. 376, 37 Sup. Ct. 614, 61 L. Ed. 1206; *In re Morrison* (C. C. A.) 261 Fed. 355; *Holmes v. Standard Oil Co.*, 183 Ill. 70, 55 N. E. 647.

The judgment of the District Court is affirmed, with interest and costs, together with 2 per cent. damages to defendant in error, under section 2 of rule 28 of this court (235 Fed. xii, 148 C. C. A. xii).



Transfer of Note Showing Signs of Alteration

A person who purchases a note, which bears on its face indications that it has been altered in a material respect, is not a holder in due course and cannot enforce it against the maker, if the latter has a defense, good as against the payee.

OPINION

Appeal from Common Pleas Circuit Court of Anderson County; J. W. DeVore, Judge.

Action by the Commercial Security Company against the Donald Drug Company. Judgment for defendant, and plaintiff appeals. Affirmed.

S. M. Wolfe, of Columbia, for appellant.

Bonham & Allen, of Anderson, for respondent.

HYDRICK, J.—This is the third appeal in this case. See 110 S. C. 353,

96 S. E. 529, and 100 S. E. 359. The action is upon four promissory notes, dated December 6, 1916, for \$225 each, signed by defendant and payable to the order of Partin Manufacturing Company. The notes were transferred to plaintiff before maturity by the payee's indorsement thereof.

Plaintiff alleges that it is a holder of them in due course. Defendant denies that, and alleges, among other things, that the notes were delivered to the agent of the payee, subject to cancellation until December 9, 1916, and that the agent was notified before that date to cancel the notes and the order for the goods for payment of which they were given, but put them in circulation in fraud of defendant's rights, and, further, that the notes were materially altered without defendant's consent, after they were signed and delivered to the agent on the condition stated.

At the first trial the circuit court directed a verdict for defendant, because plaintiff failed to prove delivery of the notes by the maker to the payee. That judgment was reversed by this court, on the ground that possession of the notes by the indorsee was *prima facie* evidence of such delivery. At the second trial plaintiff offered the notes in evidence, together with testimony tending to prove that it was a holder in due course, except that no testimony was offered by plaintiff to explain certain alterations that appeared on the face of the notes, or to prove that they were made before delivery, or by consent of the maker. For want of such testimony, the trial court excluded the notes and nonsuited the plaintiff.

On appeal, that judgment was reversed, this court holding (overruling plaintiff's contention to the contrary) that the alterations apparent upon the face of the notes were material, but that an alteration (in the legal sense of the word) will not be presumed from the mere fact that printed words in a note (drawn on a printed form as these were) are stricken out and others inserted to make the contract conform to the intention of the parties, and that

in such cases the burden is upon the maker to prove the fact of alteration.

At the last trial the issues were submitted to the jury upon the testimony offered by both parties. Plaintiff's testimony was the same as upon the former trials. Defendant's testimony tended to prove the defenses set up in the answer. The jury found for defendant, and plaintiff appealed.

There are several exceptions, but the only question that need be decided is: Does the fact that a material alteration appeared upon the face of the notes sued on, when plaintiff purchased them, warrant the inference that plaintiff is not a holder thereof in due course? That question was answered in *Muse v. Clark*, 98 S. E. 850, where we said:

"The note bore upon its face such evidence of alteration that the jury might have found that plaintiff was not a holder in due course; therefore, if that were a vital issue, it would be one of fact for the jury."

We do not see how any other conclusion can be reached from the definition of a holder in due course given in the Negotiable Instruments Act (Act March, 1914 [28 St. at Large, p. 668]), section 52 of which defines a holder in due course to be one—

"who has taken the instrument under the following conditions: (1) That it is complete and regular upon its face; (2) that he became the holder of it before it was overdue, and without notice that it had been previously dishonored, if such was the fact; (3) that he took it in good faith and for value; (4) that at the time it was negotiated to him he had no notice of any infirmity in the instrument or defect in the title of the person negotiating it."

Plaintiff's testimony tended to satisfy all of these conditions, except the first and last. As material alterations were apparent upon the face of the notes, when plaintiff took them, they cannot be said to have been regular upon their face. Nor can it be said that plaintiff took them without notice of any infirmity in them, since the apparent alterations, though not enough

to raise a presumption of an alteration in fact, was enough to excite suspicion, and put a person of ordinary prudence on inquiry which would have led to notice. *Muse v. Clark*, supra; 8 C. J. 475, 512.

It must be assumed that the verdict establishes the fact that plaintiff was not a holder in due course, and therefore the defenses set up in the answer were available to defendant, and, as we have already said, the testimony was sufficient to establish the defenses set up. But appellant contends that the issue as to its being a holder in due course was foreclosed by the decision of this court on the second appeal; in other words, that it was *res adjudicata* and therefore the trial court erred in refusing its motion for a directed verdict. That contention is based upon the following language appearing in the opinion of this court on the second appeal:

"The record shows that the plaintiff was a holder in due course. It fails to show that it was a party to the alteration, if there was an alteration, and therefore it was entitled to enforce payment of the notes according to the original tenor. There is nothing in the record to show that the plaintiff was not entitled to enforce the payment according to the original tenor."

It must be conceded that the language quoted is broad enough to sustain appellant's contention. But, when the issues

which were actually before the court and decided on that appeal are considered in connection with the whole opinion, it becomes clear that the issue whether plaintiff was a holder in due course, within the statutory definition of such a holder, was not before the court, and it was not the intention of the court to decide it. The only questions decided on that appeal were whether the alterations were material, and, if so, whether the burden was upon plaintiff to prove that they were made before execution or by consent of the maker, or upon defendant to prove that they were made after execution and without consent. The court held that, in the circumstances stated, an apparent alteration was not sufficient to raise a presumption that it was an alteration in fact, so as to cast the burden of explaining it upon the plaintiff, and therefore the burden was upon defendant. There is a difference between the sufficiency of an apparent alteration to raise an evidentiary presumption of fact, so as to shift the burden of proof, and its sufficiency to show that the instrument was not regular upon its face, and, from that fact, that the holder of it is not within the statutory definition of a holder in due course, and also its sufficiency to put an ordinarily prudent purchaser on inquiry as to its true character.

Judgment affirmed.

THE present order of things is far from perfect, but we know that here in America more nearly than any other place on earth every man has a chance in accordance with his ability, his character and his effort. Here the old-fashioned virtues of work, savings, and thrift mean more and are better rewarded than elsewhere. This is the land where ability, ambition, hard work and imagination, practically applied, count and the rewards are more nearly distributed in accordance with deserts than anywhere else. The workmen of yesterday are the employers of today. Private initiative and enterprise are rewarded. Useful achievement is the measure of success.

From address by Fred N. Shepherd, at the Convention of the A. B. A., September, 1920.

Book Reviews

WEALTH—ITS PRODUCTION AND DISTRIBUTION. By A. W. Kirkaldy. New York: E. P. Dutton & Company.

This book is designed to explain in a lucid and popular manner the fundamental facts in the production of wealth, and the causes which regulate its distribution. It gives an analysis of the functions of nature, of man, and of capital in the production of wealth; and it traces the conditions upon which the economic progress of mankind depends. Among the topics discussed are economics, the production of wealth, land, labor, and capital—all factors in production. An index adds to the general usefulness of the work both to the student and casual reader.



COST ACCOUNTING—PRINCIPLES AND PRACTICE. By J. P. Jordan and G. L. Harris. New York: Ronald Press.

This book treats exhaustively of cost procedure, including methods of controlling costs, mechanism of cost control, purchase and receiving records, stock records, accounting for labor, expense and burden statements, preparation for journal entries, illustrative journal entries and ledger accounts, financial statements, prevailing types of cost systems, and the installation of a cost system. It deals with graphic production control; explains the managerial uses of cost data in securing day-by-day rather than post mortem control; and brings out the close relationship existing between cost accounting, production and management. The authors have outlined in coherent order the essential steps in cost procedure for industrial enterprises of whatever character. In the first chapters the entire technique of cost accounting is given in unbroken sequence.

PROBLEMS IN FOREIGN EXCHANGE. By Martin J. Shugrue. New York: D. Appleton and Company.

A comprehensive grasp of the whole field of foreign-exchange transactions can be secured from this clear presentation of the subject. An introduction gives a concise survey of foreign exchange markets and methods. Typical examples illustrating foreign-exchange transactions of all sorts are then worked out in full, and serve as guides to the solution of the one hundred and ten problems set for the student in the main body of the book. Each problem is selected from actual business practice and illustrates some essential point, and the knowledge to be derived from careful study of the collection is both practical and complete. Typical forms used in foreign-exchange transactions are given in appendices, and there are illustrations of the tables in use for the simplification of foreign-exchange calculations.



GOVERNMENT CONTROL OF THE SUGAR INDUSTRY IN THE UNITED STATES. By Joshua Bernhardt. New York: The Macmillan Co.

As sugar statistician of the United States Food Administration, and chief of the statistical department of the United States Sugar Equalization Board, the author had the experience which thoroughly equipped him to give an account of the operations by which the Government controlled the price and distribution of this important food product during our participation in the war and for some time thereafter.

In addition to a careful history of the various steps taken, the book contains much valuable statistical information in regard to sugar, as well as a number of documents showing contracts with producers and refiners on the part of the Government.

A history of the several economic ex-

pedients resorted to during the war should prove a useful guide if ever similar emergencies arise in the future. It was with this thought in mind, no doubt, that this account was compiled.



CHAPTERS AND DOCUMENTS ON CHINESE NATIONAL BANKING. By Ray Ovid Hall. Shanghai: Commercial Press, Limited. Washington, D. C.: Wm. Ballantyne & Sons.

This book is the result of extensive research on the part of the author in the available material on Chinese banking and currency for the purpose of gaining accurate information for the future use of those who may need it, as such a book is very much needed. After an introductory sketch of banking in China there are chapters on the or-

ganization, policies and methods of some of the Chinese banks, and also on the struggle for government balances and the moratorium. The last chapter suggests various reforms for the Chinese banking system, and numerous appendices give some necessary added information about the several banks.



HAND BOOK OF ENGLISH COMPOSITION. By Luella C. Carson. Yonkers: World Book Company.

This is a brief, compact book of reference and direction in English composition. It includes standard rules and usage, and a few fundamental processes designed to secure accuracy and effectiveness. The statements and illustrations are kept compact, definite and interesting.



Selling Thrift to the Nation

What Some of the Country's Leaders Have to Say About the Value of Savings

BANKS that are preaching the gospel of thrift should get some helpful material from the following quotations from a number of public men who have written on the subject at the request of Ad Art Service of Cleveland. Here's what they have to say:

HON. LEE M. RUSSELL,
Governor of the State of Mississippi.

"The United States is going through the most extravagant period of its entire history. People of all classes are going wild with extravagance.

"Of all times in our history this is the opportunity to learn how to buy less and save more by deposits in banks, investments in securities, and the entire overhauling of our business systems."

HON. SAMUEL R. M'KELVIE,
Governor of the State of Nebraska.

"Thrift and industry are sterling qualities of citizenship. Moreover, they are

the surest guarantee of success for the individual.

"There has never been a time when the need for these practices was more necessary than now. 'Work and Save' is the program that will more quickly reduce the cost of living and bring prosperity to the individual than anything else that I know."

HON. OLIVER H. SHOUP,
Governor of the State of Colorado.

"Most Americans are good earners; only a few are good savers.

"To be a money-maker may be a gift, but to be thrifty requires special effort on the part of most of us. If success is worth anything it is worth the sacrifice of a few pleasures.

"SPENT dollars never draw interest."

HON. EMMET D. BOYLE,
Governor of the State of Nevada.

"Thrift is the key to individual riches and one of the parts of national wealth.

"The man who does not live on less than

he receives is a failure, and when he spends his surplus he is embezzling himself. In these times one must save or beg."

HON. FREDERICK D. GARDNER,
Governor of the State of Missouri.

"Thrift and saving are the handmaids of individual progress and prosperity. The confidence of men is a greater asset than fortune. The young man with habits of thrift and prudent economy has inspired confidence and laid the foundation for credit in the business world, which is essential to success.

"The prosperity of the nation is but the collective thrift of its citizens. Thrift and economy are alike, enjoined for personal and patriotic reasons."

HON. ALFRED E. SMITH,
Ex-Governor of the State of New York.

"It behooves every economic, right-minded citizen to take serious thought to lessen the foolish extravagance and waste, to abate inflation of credit, to release through intelligent saving and investment the capital needed to finance production and employment, to combat unrest and build up a more stable, prosperous and truly American population."

HON. WARREN G. HARDING,
President-elect.

"Let us call to all people for thrift and economy, for denial and sacrifice if need be, for a nation-wide drive against extravagance and luxury, to a recommittal to simplicity of living, to that prudent and normal plan of life which is the health of the republic."

HON. EDWIN T. MEREDITH,
Secretary of Agriculture.

"If while working conscientiously at our several tasks we will save consistently and spend conservatively, we will have done the things most needed to establish firmly our national prosperity."

HON. CALVIN COOLIDGE,
Vice-President-elect.

"The time has arrived for saving by the people in order to discharge the obligations of the war, in order to provide additional capital with which to meet the demands for greater production, in order to strengthen the character of our citizenship by the exercise of self-control and self-denial, in order that there may be a deeper realization that extravagance is wrong and that thrift is right."

HON. JOHN BARTON PAYNE,
Secretary of the Interior.

"One of the fundamentally sound habits that should be acquired by every citizen is that of regular and systematic saving.

"It is the foundation of the economic well-being of the nation. Whatever our habits may be, we should give that of thrift a prominent place in our scheme of character building."

HON. SIMON BAMBERGER,
Governor of the State of Utah.

"It is the dollar saved that provides shelter and comfort on rainy days; that is available for wise investment; that leads to financial success and independence.

"Saving is no more than intelligent spending.

"The man who saves is seldom out of a job. He is the man to whom come the greatest opportunities."

HON. PETER NORBECK,
Governor of the State of South Dakota.

"Never was there a time in American history when the need for saving, for thrift and for financial caution was as important to our people as at the present time."

HON. ROBERT D. CAREY,
Governor of the State of Wyoming.

"While the cost of living is greater at the present time than at any time in our history, still many people are enjoying larger incomes than ever before and in many instances have a better opportunity to save money—not only by starting bank accounts but buying homes.

"There is no question that if more Americans owned their own homes there would be less unrest in the country, as a man who owns his home feels that he is part of the community and is directly interested in its upbuilding."

HON. BEN. W. OLCOTT,
Governor of the State of Oregon.

"We are reveling in an orgy of spending.

"We are traveling too fast a pace. We must slow down. We must get back to, and practice, homely, old-fashioned principles of thrift."

HON. JOHN H. BARTLETT,
Governor of the State of New Hampshire.

"Nothing more conserves the peace of mind of the members of a home than the thought that they have at their ready command in a savings bank the ammunition to fight the sudden attacks of life."



Copyright Underwood & Underwood, N. Y.

What the Next President Says About Anglo-American Relations

[From a letter to John A. Stewart, chairman of the Board of Sulgrave Institution.]

DEAR MR. STEWART:

The labor of uniting into still closer amity and understanding the English speaking peoples of the world has a significance of good to all Americans and to all nations and races of the world.

Destiny has made it a historical fact that the English speaking peoples have been the instrument through which civilization has been flung to the far corners of the globe. I am impressed not so much by the glory that English speaking peoples may take to themselves as by the profound duties that God has thrust upon them—duties of being restrained, tolerant and just. These duties will find their greatest recognition in a united, unshakable friendship and understanding and oneness of purpose—not for the exclusion from brotherhood of others but for a better brotherhood flowing toward others.

I believe that when the wisdom of America is summoned to assist the world in building a workable, as distinguished from a bungling, agreement or association for the prevention of war, unity of English speaking peoples will play no small part, not to invade the rights or exclude the fellowship of other nations but to protect and include them.

Marion, Ohio.

WARREN G. HARDING.

Banking Publicity

Special Section of The Bankers Magazine

FEBRUARY 1921

Advertising Within The Bank

By ARTHUR DE BEBIAN

Advertising Manager, The Equitable Trust Company of New York

THE ADVERTISING of a bank, if properly conceived, creates in the minds of the public a favorable mental picture. It crystallizes the individuality of the bank and portrays the various ways in which the institution is able and willing to serve the individual or firm needing banking, trust or investment service.

The mental processes of the readers of the publication utilized by the bank by means of advertisements are gradually moulded into a friendly attitude toward the advertised bank.

The reader grows to like the institution from afar. He is observing its message day by day.

Finally the day arrives when the reader needs the friendly advice and co-operation of such a banking institution.

That day he calls. Does he receive the friendly helpful service he has been taught to expect? If he does not, he becomes not only a lost prospect, but one who cannot be again interested by the printed words of that institution.

Consequently it is extremely important that each member of a banking organization be in harmony with the spirit of the company's advertising.

Each man who in any way is brought in contact with the customer or prospective customer of the institution must frame his reception to fulfill the promise of the advertising.

A perfunctory show of courtesy or a half-hearted attempt

at service is futile; and remember, that no one is so quick to recognize the false or true spirit of service as the new customer who is really trying out a bank.

Recognizing the importance of acquainting both officers and employees of the bank with the purpose of its advertising, the Equitable Trust Company, of New York, each week is hanging in all departments and branches of the bank, posters reproducing the current advertisements and including a brief and succinct message from Mr.

(Continued on page 245)



There is a young man in this city who is looking for a friendly bank.

A BANK where the officers will know him by name, even though his account is small at the start. A bank where they will really be glad to see him when he calls and take time to talk with him about his success. We hope the young man who is searching for this sort of bank will read this advertisement. For The Equitable Trust Company is first of all a friendly bank. It is interested in helping young men to grow.

Will you come in and let us tell you what a very human business this is—the business of financing New York?

THE EQUITABLE TRUST COMPANY OF NEW YORK
BANKING TRUSTS & INVESTMENTS
SAFE DEPOSIT VAULTS
Total Resources Over \$100,000,000

37 Wall Street
Madison Ave. 6th Fl., 222 Broadway
Lancaster & Co. Bankers, Inc. 100 Nassau St. N. Y. C.

FINANCING NEW YORK



Suppose a big financier should say to you—

"I AM interested in you, young man. I want to help you build up not only your business but a personal estate as well. All my knowledge, experience and facilities are at your service."

One of the biggest financiers in New York is saying this to you now.

The name of that financier is The Equitable Trust Company. It speaks for you as a financier but for many, for it is a bank—and one of the largest. Yet it offers you the same sincere and personal attention that one man could give you—and with far greater experience, knowledge and connections.

THE EQUITABLE TRUST COMPANY OF NEW YORK
BANKING TRUSTS & INVESTMENTS
SAFE DEPOSIT VAULTS
Total Resources Over \$100,000,000

37 Wall Street
Madison Ave. 6th Fl., 222 Broadway
Lancaster & Co. Bankers, Inc. 100 Nassau St. N. Y. C.

FINANCING NEW YORK

To the Officers and Employees of The Equitable Trust Company

THROUGH the power of the word of "humanitarian" advertising, we are now in a position to help you build up your business and a personal estate as well. All my knowledge, experience and facilities are at your service."

One of the biggest financiers in New York is saying this to you now.

The name of that financier is The Equitable Trust Company. It speaks for you as a financier but for many, for it is a bank—and one of the largest. Yet it offers you the same sincere and personal attention that one man could give you—and with far greater experience, knowledge and connections.

FINANCING NEW YORK

To the Officers and Employees of The Equitable Trust Company

Let me tell you a little more about the "humanitarian" advertising that we are now in a position to help you build up your business and a personal estate as well. All my knowledge, experience and facilities are at your service."

One of the biggest financiers in New York is saying this to you now.

The name of that financier is The Equitable Trust Company. It speaks for you as a financier but for many, for it is a bank—and one of the largest. Yet it offers you the same sincere and personal attention that one man could give you—and with far greater experience, knowledge and connections.

FINANCING NEW YORK

Cards on which are reproduced the bank's current advertising messages are posted in various parts of the banking quarters of the Equitable Trust Company of New York, where they may be studied by officers and staff. This is to put the members of the bank's organization in harmony with the spirit of its advertising.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

FEBRUARY 1921

AT a time when there is so much unemployment it is rather difficult for a bank to advertise savings accounts. When there is no income it is impossible to save. But attention can be called to the fact that those who have saved have their savings to fall back upon while their earning power is temporarily interrupted. And most people are still at work and the appeal to them to save while the saving is good can be made all the stronger in such times as these.



THIS IS THE month of Lincoln's and Washington's birthdays and their lives and sayings will again be made to do service in the cause of bank advertising. This is just another opportunity to inject a certain element of timeliness into your advertising. There is a value in capitalizing the popular interest in any date or event in this way. The mind of the reader is already half prepared for your message, and that means something to the advertiser.



AT PRESENT some banks seem inclined to soft pedal their newspaper advertising. We question the wisdom of this course, but if you are

following that course for a while, why not make up for it by redoubling your efforts along the line of direct advertising—the use of form letters and booklets? The mercantile world is full of examples of the unfortunate results of a cessation of advertising once started. The public has a short memory and if you drop out of the limelight for a time you are under the necessity of starting all over again. Sustained effort is necessary to preserve the value of your advertising investment. He who, having put his hand to the advertising plow, looks back is not worthy of the kingdom of advertising success. That is the lesson of experience.



HAVE YOU considered the importance of "tie-up" in your advertising? By that we mean the correlating of your various forms of publicity. For instance, the simultaneous advertising of a certain feature or service in your newspaper and street car advertisements, your window and lobby cards, your form letters and your folders. There is the force of repeated impressions to be considered, driving home the message in a variety of ways and catching the prospect "going and coming," so to speak.



WHATEVER ADVERTISING value there is in novelties, souvenirs, etc., is most effective when they are in the

hands of the public. These things have absolutely no advertising value while on the shelf in your store-room. This fact was suddenly realized by a West Virginia banker, who discovered that he had accumulated quite a quantity of miscellaneous articles of this nature including many unused rulers, letter-openers, coin banks, and circulars of one kind and another. He took several hundred strong envelopes and had an addressing bee participated in by employees, officers and even some of his directors, and one fine day a select list of prospects received a prize package of these advertising materials. The results were considered satisfactory. At least, the various articles and printed messages were out working for the bank and not loafing on the store-room shelves any longer.



"A BANK BOOK for Every Member of the Family in Every American Home" is a slogan proposed by A. S. Helquist, vice-president of the Liberty Trust & Savings Bank, Chicago. It's rather long for a slogan but the idea is all right. It certainly provides a program and indicates a big field to be cultivated by bank advertising. It's almost as big a task as converting the world to Christianity or Scotland to prohibition, but it's worth trying, and here's hoping that success will crown the effort.

Advertising Within The Bank

(Continued from page 243)

Krech, president of the company. A typical message from one of these advertisements is quoted below.

TO THE OFFICERS AND EMPLOYEES
OF THE EQUITABLE TRUST COM-
PANY:

"For some time progressive banks have recognized the need of stepping down from their pedestals, blowing away the fog of technical language and talking to the public in terms of its everyday business and personal affairs. The use of bank, trust, safekeeping and investment service will be as universal as the use of medical and legal service when the average man understands that a bank can be as helpful to him, his family and his business as his doctor and his lawyer.

"This week the Equitable Trust Company is introducing the first humanized financial advertising. The advertisement reproduced above is the first of a new series which will appear in New York newspapers. Every phase of Equitable Service will be covered in the series, through which will run the idea of the Equitable as 'The Friendly Bank' and of its service as personal service.

"With this initial advertisement, the Equitable is the first bank to enter a vast, untouched field of potential bank users—the young men just starting in business, the men and women seeking trustworthy advice in investment questions and everyone else feeling the need of expert and interested counsel in business and personal financial matters.

"The effect of this advertising will not be immediate. Years of misconception of bank service as only for big business and wealthy individuals and of bank people as cold, caged-in beings, must be overcome.

"Many of the persons attracted by it will be small customers, making their first real contract with a big bank. But for each of them will be a welcome; for the Equitable is looking into the future. In helping the young man to build his business and a personal estate, it is building future business for itself. The Equitable sees the small customer of today as the big customer of tomorrow; and it believes that with the Equitable's name and resources behind him and its counsel to guide him, he will build faster and more firmly in business and personal possessions.

"The success or failure of the campaign rests with all of us who make up the Equitable. Moreover, with the appearance of this first message we are under obligation to make good our representations. We must give to all attracted by the series the friendly and cordial reception and the personal attention they will expect.

Who's Who in Bank Advertising



THADDEUS S. DAYTON

MR. DAYTON became a member of the staff of the Guaranty Trust Company of New York in December, 1916, and was appointed manager of the publicity department in October, 1917.

Prior to his joining the Guaranty he was associate editor of the R. G. Dun & Company publications, and managing editor of the *Annalist*. He also had conducted important publicity campaigns for steam and electric transportation systems.

He began his business career with the purchasing department of the Standard Oil Company of New York where he remained for ten years, and, later, was for six years general manager of the Mexico Mine and Smelter Supply Company in the City of Mexico.

"Most people—even present large bank users—think that bank service ends at the outside of the tellers' or loan-clerks' windows. From now on let each one of us show that that is where Equitable Service only begins. Let us all be salesmen, 'selling' the Equitable to New York and the rest of the country as 'The Friendly Bank.'

"ALVIN W. KRECH,
President."



BANK WINDOW STUNTS THAT INCREASED SAV- ING ACCOUNTS

By ERNEST A. DENCH

IT IS NONE too soon to trot forth the time-honored vacation saving argument. There are, however, always new ways of fixing up a familiar subject in a totally different dressing.

VACATION SUGGESTIONS

The National City Bank, Chicago, Ill., showed a fishing outfit to the right of their window, with a golf outfit at the opposite side. The floor space in between was one mass of train folders, with here and there a sign calling attention to their vacation saving system. At the back a sign enjoined:

"Where would you like to spend your vacation?"

When the above window display was taken out, the setting was changed to that of a camping scene. More than a suggestion of a picnic party was obtained by the elaborate picnic outfit that was spread out across the entire window. At the left was a picture of a congenial

party camping in the woods, with railroad time tables scattered around on the floor.

But the seasonable appeal need not always be present, for the form of saving that is more profitable to a bank is the permanent kind.

THE RAILROAD OF LIFE

The National City Bank, Chicago, Ill., was also responsible for a railroad setting. The miniature tracks extended from the left side to the middle of the window, continuing the loop until they reached the rear scenery. The railroad was equipped with a small station, the roof of which was constructed with a bank book. A toy automobile was drawn up to the back of the station. Running along the tracks was an electrically operated train, the cars of which were loaded down with silver dollars and bills of high denominations. The stop signal by the side of the track bore an illuminated bank book, with name "B. A. Saver," instead of the familiar sign. At the back was a picture of a railroad crossing, with stop sign, signals, etc. Down one road the signal read: "Save," while the other road was entitled: "Spend." The stop sign was worded as below:

"The Railroad of life—
You are the Dispatcher.
Which road will you take?"

DRIFTING WITH THE TIDE

The Union Trust and Savings Bank Co., Chicago, placed a display sign near the window glass. From the bottom of the sign white confetti was blown up and then sucked up into a cut-out in the form of a question mark on the sign itself. The white confetti was then released to reveal the one word: "Drifting." A small stationary sign at the right bore the following caption:

"Drifting? Are you drifting with the tide?"

AN EARLY START

The Peoples Trust and Savings Bank, Chicago, confined

The Gettysburg Address of Abraham Lincoln

FOURSORE and seven years ago our fathers brought forth on this continent a new Nation, conceived in liberty, and dedicated to the proposition that all men are created equal. Now we are engaged in a great civil war, testing whether that Nation, or any Nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field as a final resting-place for those who here gave their lives that that Nation might live. It is altogether fitting and proper that we should do this. But, in a larger sense, we cannot dedicate—we cannot consecrate—we cannot hallow this ground. The brave men, living and dead, who struggled here, have consecrated it, far above our poor power to add or detract. The world will little note, nor long remember what we say here, but it can never forget what they did here. It is for us, the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion—that we here highly resolve that these dead shall not have died in vain—that this Nation, under God, shall have a new birth of freedom—and that government of the people, by the people, for the people, shall not perish from the earth.


In commemoration of the birth
of Abraham Lincoln

**Lincoln National Bank
of Rochester**

John Hackett

Our President Says:
A savings account in this institution affords to everybody these three special advantages: Absolute security, liberal interest, training in thrift.

4½% Interest Payable January 1st and July 1st
Assets over \$16,000,000.00




ALBANY CITY SAVINGS INSTITUTION
100 State Street

Booklet "U. S. Mail for Banking" Sent on Request

James W. Cox

Our Vice-President Says:
If that ten dollar bill burns a hole in your pocket the best insurance is a bank book.

4½% Interest Payable January 1st and July 1st
Assets over \$16,000,000.00



ALBANY CITY SAVINGS INSTITUTION
100 State Street
WILLIAM S. HACKETT President
FRANK H. WILLIAMS Treasurer


Booklet "U. S. Mail for Banking" Sent on request.

Frank H. Williams

Secretary, New York State Bankers' Association, and one of our Trustees, who is sure life were often depends on small and almost unthought of deposits regularly (though small) in this bank will become a habit that will insure your living comfortable and independent later in life. Open an account now and reap the benefits in years to come.

Interest Payable January 1st and July 1st

4½% Assets Over \$16,000,000.00



Albany City Savings Institution
100 State St.
WILLIAM S. HACKETT President
FRANK H. WILLIAMS Treasurer

Booklet "U. S. Mail for Banking" Sent on request.

This Albany, N. Y., bank features its officers and directors by reproductions of their signatures over a short statement on some thrift topic.

their window efforts to the picture of a bride. The caption stated:

"Money men save in their 90's makes dreams come true."

HOW MONEY FLIES

The Atlanta National Bank, Atlanta, Ga., placed a small box directly against the window pane, with savings banks stacked on top of the box. Although the remainder of the window glass was painted black, sufficient space was left above the box so that one could read the cards occupying the rear panels of the window. The card at the left panel depicted a winged dollar flying in mid-air, backed up by the following caption:

"Put it in the Savings Bank before it flies from you."

The other card showed a child putting a coin in his savings bank.

THE HONEY BEE COMPARISON

The Bank of Savings, Seattle, Wash., devoted their limited window space to a large sign, which was adorned with honey bees. The sign pointed out that—

"Money is to the Man what Honey is to the Bee.

Save for the Winter time of Life."

SYSTEM IN SAVING

The Bankers Trust Co., Indianapolis, Ind., filled the floor of their small window with savings banks. Cards hung at the back delivered such convincing arguments as these:

"To save successfully, you should save systematically.

Make a deposit every pay day."

"In 10 years with 4 per cent. compound interest.

\$5.00 a week will grow to \$3,187.80.

\$2.00 a week will grow to \$1,274.34.

\$1.00 a week will grow to \$636.62."

WE PAY 4 PER CENT.

NO VACATION FOR DOLLARS

The Union Trust Co., Chicago, Ill., exhibited a window card, in the corner of which a traveling bag was sketched. The headline stated:

"Don't take your Dollars on a Vacation."

A DRIVE ON JUVENILE DEPOSITS

The Peoples Bank, Portland, Ore., utilized their window display space to excellent advantage in a recent drive on juvenile deposits.

One of their exhibits was arranged to represent a football field. Over the gravel spread floor goal posts were placed in correct positions. In the middle was an ordinary football,

against which a placard announced:

"Can you Kick a Goal?"

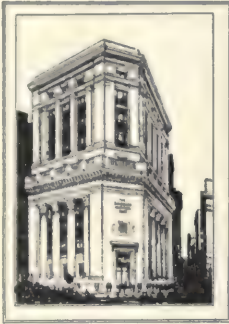
Another window was laid out as a field in an orchard. Half of the orchard was only in preparation, for small holes were dug in the turfs of grass and pennies planted. The other half of the orchard contained a number of small artificial fruit trees, with silver dollars hanging on them to represent fruit. A sign announced:

"Sow Pennies and you Gather Dollars."

The third display was a boost for the Boy Scout movement in that it featured pictures of the Boy Scouts both at work and play. Backing up the pictures were large cards stating the scout ideals in detail. The ideal largely "played up" was this one:

"A Scout is Thrifty."

The three foregoing window displays were permitted to remain on exhibition for one week apiece before being replaced by the next. The time, effort and money expended on these unusual displays was more than repaid by the extraordinary increase in the number of juvenile depositors that resulted. At the same time the windows made



New Branch of The Seaboard National Bank of the City of New York under construction at southeast corner of Grand and Beaver Streets

DIRECTORS

S. C. BAYNE	President
ROBERT J. CALDWELL	Vice President
W. K. CLEVELLEY	Vice President
EDWARD J. CORNISH	Vice President
HENRY C. FOLGER	Vice President
B. L. GILL	Vice President
EDW. A. R. GREEN	Vice President
PETER McDONNELL	Vice President
WILLIAM E. PAINE	Vice President
JOSEPH SEEP	Vice President
C. C. THOMPSON	Vice President
HENRY WHITTON	Vice President

THE SEABOARD NATIONAL BANK
of the City of New York

Capital, Surplus and Profits over Five Millions

Dependability
in Banking Service

DEPENDABILITY in banking service has always been the one recognized important factor that is demanded by the depositor of a bank in handling his funds and business problems of a financial nature.

In making your banking connection it should be done with the greatest care, and with consideration of the record and standing of the institution which invites your business, as well as the service it is able to render you.

For these very reasons The Seaboard National Bank has been for years the chosen depository of many of the prominent financial institutions and business firms throughout the United States.

With a record of thirty-seven years of practical banking, with resources of more than seventy million dollars,—we offer you a banking service that is dependable, broad and comprehensive in its scope and especially adapted to meet your every particular financial requirement.

to depositors with New Year's greetings a handsome leather bound diary.

IT IS QUITE an intricate problem in bank advertising to know how to get the personal, human touch without losing dignity. The Albany City Savings Institution, of Albany, N. Y., solved this problem in rather an interesting way. The bank wanted to introduce its officers and trustees to the public so as to show the personality of the men behind the bank. To do this it was first suggested that photographs of officers be used. This was objected to, however, on the ground of lack of dignity and a compromise was finally arrived at, whereby the signatures of the men were featured in a series of ads each one of which quoted the officer or trustee in question on some phase of the subject of thrift. Elsewhere we reproduce some of the ads that were used.

THE CLEVELAND TRUST COMPANY has issued a tax calendar giving dates when various state and federal tax returns should be filed. This is a useful compilation and also serves to illustrate how a trust company can relieve an individual of the burden of carrying all of these details in mind.

WHEN THE First National Bank of Idaho, Boise, Idaho, was granted fiduciary powers by the Federal Reserve Board it reproduced the actual certificate of authorization in a newspaper advertisement and explained the services which it was now able to render to clients.

BANKS THAT have Christmas Savings Clubs find it to their advantage to urge members to leave a certain amount of their accumulated funds in the bank as a regular savings account. The following post card form adopted by the American Bank of Commerce and Trust Company, of Little Rock, Ark.,

a favorable impression on many adults.

BIRTHDAY ACCOUNTS

The National City Bank, Chicago, Ill., piled their window with savings banks. This was in connection with a drive on "Birthday Accounts." Covering the entire rear was a large poster, and below the pictures of children from two to twenty-one, were shown. Individual savings accruing to them were quoted. The figures read: "Two years, \$2.03; 6 years, \$16.75; 10 years, \$160.28; 21 years, \$286.54." The lower part of the poster contained the following effective arguments:

"An account with \$1.00 for your girl or boy and thereafter on each birthday deposit \$1.00 for each year of his or her age. It will help to send your boy or girl to college. To have a bank book of one's very own is always an incentive to save."

(Copyrighted, 1921, by Ernest A. Dench, in U. S. A.)

HOW BANKS ARE ADVERTISING

THE American Bank of Commerce & Trust Company, Little Rock, Ark., has issued a pamphlet entitled "Farmer Allen's Story" in which Farmer Allen tells an improvident neighbor the various ways in which he has been helped by his bank. This is good publicity for farmer customers as it tells its story in a very human, interesting way.

THE Second National Bank of Paterson, N. J., is distributing to customers of its savings department "daily dime saver" folders. These contain slits to hold 31 dimes, the plan being that when the folder is filled it should be brought to the bank for deposit at which time a new folder is issued.

THE Manufacturers Trust Company, of Brooklyn, distributed

makes it easy for the depositor to do this:

Little Rock, Ark. 1920
Please make the following transfer from my Christmas Savings Account (No.), to a regular Savings Account.

(CHECK PLAN YOU WISH TO FOLLOW)

1. The entire amount due me when my Christmas Account matures.
2. One-half the amount due me when my Christmas Account matures. The other half to be paid me in cash.
3. from the amount due me when my Christmas Account matures. The balance to be paid me in cash.

It is understood that I may withdraw any part or all the amount to my credit whenever I desire, but on all amounts left for six months or longer you are to pay me interest at 4 per cent. per annum.

Kindly care for all the details and have my Savings Pass Book ready for me when the Christmas Savings Club closes.

Name

Address

THE Guardian Savings and Trust Company, of Cleveland,

offered a prize of \$1.00 each for thrift jingles. Following are a few selections from the prize winners:

Simple Simon ran a bill

And found he couldn't pay it.
He wired his dad—the foolish lad—

To see if he'd O. K. it.

Father telegraphed at once,

Sent these ten words collect.

"Save a little as you go

Will have the desired effect."



As I go walking down the street

A pleasant sight I see,

A man almost upon a run,

Laughing aloud with glee.

He holds a paper in his hand,

His eyes so swiftly skim,

The Guardian Thrift Club Drive

—my friends

Is what is pleasing him.



There was a man in our town

And he was wondrous wise;

He wrote a snappy Thrift Club verse

And won a dollar prize.

And then to prove that he was wise,

Twelve Interest Dates A Year

WHILE the interest on bonds and mortgages is ordinarily paid semi-annually and dividends on stock distributed quarterly, a deposit account with this Company yields an income every month in the year for INTEREST IS CREDITED MONTHLY thereon.

In addition, such an account provides all the conveniences of a broad, up-to-date banking connection, with facilities equally valuable for corporations, firms and individuals.

INQUIRIES WELCOMED AT ANY OF OUR FOUR OFFICES

UNITED STATES MORTGAGE & TRUST COMPANY

Capital and Surplus, \$6,000,000

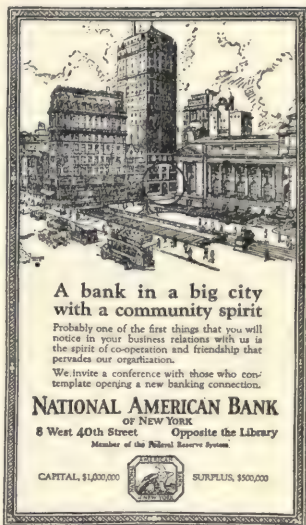
OFFICES

55 Cedar St.

• Broadway at 73rd St.

Madison Avenue at 75th St.

125th Street at Eighth Avenue



A bank in a big city with a community spirit

Probably one of the first things that you will notice in your business relations with us is the spirit of co-operation and friendship that pervades our organization.

We invite a conference with those who contemplate opening a new banking connection.

NATIONAL AMERICAN BANK
OF NEW YORK

8 West 40th Street Opposite the Library

Member of the Federal Reserve System

CAPITAL, \$1,000,000

SURPLUS, \$500,000

The "location" idea is well brought out.

With wisdom that bewitches.
He used the "one" to join the Club
To bring him future riches.

THE National Trust Company, Limited, of Toronto, has issued a pamphlet entitled "The Old Fashioned Executor," which contains a series of advertisements showing in a graphic way why the trust company is superior to the individual as an executor of trusts.

THE CO-OPERATIVE advertising campaign now being conducted by the Savings Bank Association, of New York, is being prepared and placed by the Frank Presbrey Company, New York.

AN EDITORIAL in a recent number of *Printers' Ink* observed that banks are out to furnish a merchandising service to depositors. The following letter from O. H. Cheney, president of the Pacific Bank, New York, in reply, is of interest:

Editor of *PRINTERS' INK*:

My attention has just been called to a recent editorial in your publication, entitled "Credit and the Bank's Duty," in which you suggest that banks should furnish a merchandising service to the local merchant.

It will interest you to know that the Pacific Bank has maintained such a service for the past two years. We print the name

This copy brings out the advantages of monthly interest payments.

Note the effective use of illustrations.

of our merchandising advisor just below the list of our directors on our printed statements. I may add that this service has been of great benefit to our customers as well as to ourselves.

O. H. CHENEY, *President.*

HERE ARE SOME good investment paragraphs from the recent advertising of the National City Company, of New York.

You have an opportunity here in the United States.—Invest your surplus in worthwhile securities, and safe-guard your future. Let us make suggestions.

A family that saves brings contentment to the fireside. Invest your savings in income yielding securities. Let us suggest the kind of bonds, notes or preferred stocks that would best meet your requirements.

One man cannot move a mountain. It takes the combined resources of thousands of investors to finance America's big enterprises. Your funds at work earn you an income and speed the wheels of industry. Let us suggest sound investment opportunities.



A FINANCIAL ADVERTISING EXHIBIT

A FEW WEEKS ago there was a financial advertising exhibit of the Chicago banks and bond houses at the Morrison Hotel. It consisted of about one hundred display boards and was the largest and finest financial advertising exhibit ever assembled in Chicago. The four financial advertising exhibits which were awarded first honors at the Indianapolis advertising convention were included in this display. In addition to the display there was an address by William Ganson Rose, of Cleveland, on "Advertising and Its Relation to Financial Business." Representatives from all the Chicago financial institutions attended.



VISUALIZING

VISUALIZING IS AN important part of advertising. Bank advertisers should endeavor to do more of it. The Curtis Publishing Company which is generally reputed to know more or less about advertising, did

some clever visualizing by having the reading matter and illustrations of one issue of "*The Saturday Evening Post*" set up, printed and bound in book form to show people how much they were getting for a nickel. Here is the reading matter used underneath a cut of their book in a circular:

NOT FOR SALE

This book is not for sale! It was set up, printed, and bound just to illustrate the amount of editorial matter that Post readers receive every week.

For the 382 pages of this book contain only the reading matter and illustrations that actually appeared in one averaged-sized

issue of *The Saturday Evening Post*.

Any of our subscription representatives will be glad to prove the real value of a year's subscription, by showing you a copy.

Novels of this size are selling in the book stores for \$2.00 apiece. A year's subscription for the *Post* is the equivalent of 52 such volumes which in book form would sell for \$104.00.

And yet our price for a subscription is only \$2.50 for any address in the United States.

This, we consider, offers you good value for your money.

Bank advertisers may be able to think of some equally good way to visualize some of the concrete things they have to offer the public.

Who gets the earnings of the savings banks?

THE SUPERINTENDENT OF BANKS OF THE STATE OF NEW YORK SAYS:

Only a small percentage of the people know that mutual savings banks are benevolent institutions, regulated by strict State laws, and carefully supervised by State authorities, and that the trustees serve without pay unless they have an active part in the everyday business of the institution.

"It should be emphasized that the depositors are parties in an institution, the primary motive of which is not to make money, either for those who manage it or for those who avail themselves of its privileges, but is an institution which takes care of the savings of the people and develops thrift and economy.

"I believe that if your Association will lift this veil of mystery and lay the plain truth about our savings banks before the people of the State, especially the 3,700,000 people who are depositors in your member banks, the result would be a greater public confidence which is so important during this period of general readjustment; and furthermore, you will prove to them that the savings banks can be relied upon as their faithful and efficient allies. This, in my estimation, will be a definite stride for a better public understanding of savings banks."

(Signed) Very truly yours,

GEORGE V. McLAUGHLIN,
Superintendent of Banks.

The Law Provides

Deposits must be invested in non-speculative securities—

A reserve fund must be maintained to protect deposits—

Only depositors may participate in the earnings from investments—

The Savings Banks

Are organized with no shares of stock.

SAVINGS BANKS ASSOCIATION
OF THE STATE OF NEW YORK

56 West 45th Street, New York City

New York Savings banks are doing some splendid publicity through a co-operative campaign for savings.

IMPORTANCE OF WHITE SPACE IN ADVERTISEMENTS

A GOOD MANY bank advertisers overlook the importance of white space. They think it is a waste of good space not to fill it with reading matter. They don't stop to think that reading matter is no good if it is not read. Type needs relief of white in and outside of it and around about it to invite the eye and make the type easy to read. Short copy is often better than long copy because more likely to be read and remembered. Some of the most important events in history, even the creation of

the world—have been described in a very few words, so why pad out the story of your bank's service, and try to cover it all in one ad?



FOREIGN EXCHANGE facilities can well be advertised now. Not so much foreign trade business perhaps, but foreign exchange remittances and letters of credit for individuals. Use the foreign language newspapers and advertising matter in foreign languages if you have any considerable foreign population in your territory.



The Business Side of Happy New Year

ALL over this country there are families whose happiness this and every New Year's Day is the result of the foresight of men who, while still living, made wise provision for the future.

One of these men, who is typical of the others, at the beginning of a New Year now long past, looked into the faces of his loved ones and thought: "They are happy now, but how can I insure their happiness in the years to come?"

He made a will. For his wife, inexperienced in business matters, he planned a trust fund, to protect her against the tragedy of ill-advised investments. A fund was set aside for his children's education. The boys were to be given their whole share of the estate at a mature age; the daughters' shares were to be kept in trust during their lives, so that, married or single, they would be financially independent.

Then came the question: "Who is to carry out these plans?" He decided that it was unfair to his wife to ask her to manage property which it had taken his utmost labor and trained effort to accumulate. He named a trust company, therefore, as executor and trustee, because it had attributes which only a corporation could have—continuous existence, accumulated experience, financial responsibility, perfected mechanism, the counsel and direction of many men skilled in business.

And today, long after his death, the trust company is serving this man's family from one Happy New Year to the next, its officers acting with understanding of each individual's needs, yet observing a strict impartiality.

As this man made provision, so any man can provide, in proportion to his desires and means, for his family's future.

This is the first of a series of messages to be published by associated trust companies of the United States concerning the services they render. A new book, *Dispensing Your Family's Future*, explaining these services, may be obtained upon application to a trust company, or upon request to

TRUST COMPANY DIVISION
AMERICAN BANKERS ASSOCIATION
FIVE NASSAU STREET, NEW YORK

Co-operative advertising is the order of the day. The Trust Company section of the A. B. A. started a campaign in general magazines in January.

Deposit your Christmas Bonus before Jan. 10

MAKE it the basis of a Special Interest account. Bank it with us by January 10th, and it will draw interest from January 1st.

Come in today—before you are tempted to spend it.

One dollar starts an account. Five dollars begin drawing interest. It takes only a few minutes to make your first deposit—and only a few minutes each week to keep it growing.



115 BROADWAY
(Opposite Equitable Building)
MEMBER of
Federal Reserve System

This New York bank is making a consistent drive for interest accounts.

Books on Bank Advertising

Bank Window Advertising. By W. R. Morehouse. Illustrates and describes many displays which can be adopted by enterprising banks to an endless variety of subjects. Price, \$3.00, postpaid.

Bank Deposit Building. By W. R. Morehouse. Contains practical and proved methods of increasing your business and holding it. Copiously illustrated. 250 pages. Price, \$4.00, postpaid.

Bank Letters. By W. R. Morehouse. Contains 100 actual letters reproduced by multigraph, designed to meet every need of ordinary bank correspondence. Price, \$7.50, postpaid.

Pushing Your Business. By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 200 pages.

Bank Advertising Exchange

IMPORTANT NOTICE

This list has been thoroughly revised. All members are urged to correct their mailing lists accordingly. All of those named below have agreed to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1921, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Rize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Butzlaff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crory, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D

Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Bebian, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co. of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E

Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F

Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G

Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, New York.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Grimm, H. B., mgr. bus. ext. dept. Security Tr. Co., Detroit, Mich.

H

Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hameher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, O. H., Union Tr. Co., Cleveland, Ohio.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Higgins, A. E., adv. serv., 2929 Bway., N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., statistical dept., Union Bank of Canada, Toronto, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, Harold G., secy., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

I

Imhoff, C. H., vice-pres., Union Nat'l Bank, Newark, N. J.

J

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.
Johnson, S. W., mgr. new bus. dept., Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., mgr. adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K

Keeton, M., mgr. svgs. dept., Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., Liberty Nat'l Bank, N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lersner, V. A., comp., Williamsburgh Svgs. Bank, Bway. & Driggs Ave., Brooklyn.
Lord, A., American For. Bkg. Corp., 53 Bway., N. Y.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
 McElvare, R. R., mgr. serv. dept., Nat'l Bank of Commerce, N. Y. C.
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Bway., N. Y. C.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
 Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., 1st Nat'l Bank, Berkeley, Cal.

O

Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Painter, W. H., asst. to pres., Security Nat'l Bank, Dallas, Tex.
 Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N.Y.C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr. new bus. dept., American Nat'l Bank, Richmond, Va.

S

Sawyer, W. M., mgr. pub., Nat'l City Co., N. Y. C.
 Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Schlater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellev, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kan-kakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept., Industrial Svgs. Bank, Flint, Mich.
 Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stehn, R., asst. cash., Nemeth State Bk., N. Y. C.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n, South Bend, Ind.

Streicher, J. H., New Bus. Dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
 Sutton, F. T., pub. mgr., Mercantile Bank of the Americas, N. Y.

T

Tait, A. G., pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thurston, W. B., Jr., mgr. for. dept., Merch. Mechanics 1st Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
 Wadden, T. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, O. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.

Z

Zambrano, A., Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.



NEW NAMES

Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
 Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
 Lyons, W. S., Union Trust Co. of D. C., 15th & H Sts., Washington, D. C.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.
 Norberg, F. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.



Official Approval of School Savings Banking

THE value of school savings banking as a practical means for developing saving as a habit, for teaching the fundamentals of the American economic system and for demonstrating the function of banks in the advancement of local interests, is indicated in letters from state commissioners of education to the American Bankers' Association, savings bank division.

That office is distributing a concise but exhaustive report on the methods and statistics of the school savings bank work of several hundred cities during the past school year. It will soon report upon the first half of the present year.

Hon. Payson Smith, commissioner of education of Massachusetts, says:

"I am heartily in favor of a system of school savings banking as a project for fixing in the student the habit of saving and for teaching the workings of our economic system.

The bankers' responsibility is especially mentioned by Hon. L. N. Hines, state superintendent of public instruction in Indiana, who writes:

"This office always endorses any worthy project that looks to the promotion of school savings, or that inculcates ideas of thrift in the minds of the children. Any organization that is doing work of this kind is to be commended. The bankers of the United States are of real service to the schools in promoting school savings banking."

Hon. W. D. Lewis, deputy superintendent of public instruction in Pennsylvania, writes:

"This department is thoroughly in sympathy with such plans as are described in your discussion of school savings banking. It will encourage in every way possible the establishment of school savings banks throughout the state. We believe, however, that these school savings banks should be definitely connected with instruction in thrift. The instruction can be coordinated with the arithmetic course in grades four to eight, and with the vocational civics course in the ninth grade."

Bank Shines as Humorist

NOT often do banks receive praise for their humor, but here is tribute of that sort, paid by one who is himself noted as being possessed of a high degree of sardonic humor. Speaking in the United States Senate on January 21, Senator Lawrence Y. Sherman of Illinois, said:

"Here is something I desire to read, not from a wicked packer, not from some dry goods millionaire, but from a national bank, the Irving National Bank of New York. It is seldom that a bank has a sense of humor or permits it to become visible; but this extract rivals anything that Juvenal or Voltaire ever wrote, and the bank is as unconscious of it as we are of being statesmen:

In the atmosphere of government, as for years we have known it in this country, there appears to be some quality which makes nearly impossible a proper relationship between this atmosphere and the other atmosphere which surrounds it. There appears to be in this atmosphere of government some strange poison which in its milder effect, even upon the sound business man who goes into government, causes him to view himself and his function with a seriousness not in the least justified by facts.

In a more serious form it causes him to imagine that his is a heaven-sent function, and that his chief duty on earth is to discipline some one or to check something, to interfere with some one's plans, to throw the proverbial monkey wrench into some one's machinery. In other words, he is disposed to exercise a function in which the destructive predominates and in which is to be found but little which may be of actual use in building up things.

In the third stage, and unfortunately this stage is not necessarily fatal, he becomes the great protector of the downtrodden, the enemy of oppression, and Wall Street, money domination, and so forth, assume deadly form in his mind. At this stage he usually becomes famous in his home town as an orator.

"If there was ever any more complete description of the genesis, the development, and the full flowering unto the perfect day of a demagogue written in the English language, it is written by this prosaic bank that would have the world think it as void of a sense of humor as a cobblestone."

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

New Export Problems

Mere order-taking in foreign trade has had its day. Though our shipments of goods and merchandise over-seas continue large, bankers and exporters in every line recognize that the turn in the tide has come.

In future, goods that go abroad must first be sold. Customers must be sought, studied, served. Markets must be developed on a basis of information and analysis even more exact than those required in securing export business in the past.

In making contacts with unfamiliar markets—in keeping touch with changing conditions—in carrying out the financial or shipping operations required in over-seas transactions—the Irving's Foreign Trade and Foreign Service Divisions may be able to supply you and your clients with just the information, counsel or commercial aid you need. For export bankers and merchants, Irving service spans all seas.

IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK

THE EQUITABLE TRUST COMPANY OF NEW YORK

announces the opening of a
CHICAGO OFFICE

located on the fifth floor of the
National Life Building

29 South LaSalle Street

Telephone: State 4765

THIS office has been established to increase the special service which The Equitable offers to the banks and bond dealers of the Central West.

It has a direct private wire to the home office in New York, enabling us to more quickly and efficiently help you handle your customers' New York and foreign business and to obtain bond quotations and execute orders in the chief markets of the country.

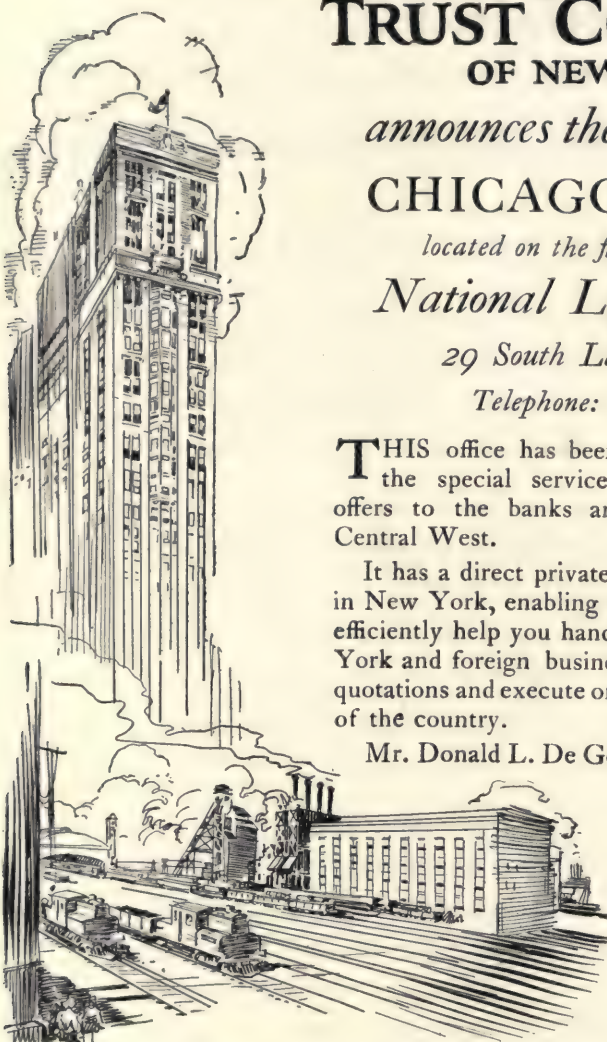
Mr. Donald L. De Golyer has been appointed manager of our Chicago office, and Mr. W. E. Hart assistant manager. They and the other members of its staff are at your service at any time and in any matter.

**THE EQUITABLE
TRUST COMPANY
OF NEW YORK
37 WALL STREET**

London—3 King William St., E. C. 4

Paris—23 Rue de la Paix

Total Resources over \$300,000,000



Foreign Credits

By Samuel MacClintock

Former American Consul

A NEW ZEALANDER some time ago placed an order with an American manufacturer for \$100,000 worth of goods. He gave a bank reference but no information upon which to base a credit judgment and the manufacturer was unable to obtain from any known source the information which he needed. By accident he did get it from the editor of an export journal who had recently returned from that part of the world.

There are now approximately 25,000 exporters in the United States—manufacturers, merchants, brokers, commission houses. Of those it is estimated that approximately one-half have been accustomed to doing business on a cash basis only. Practically everyone conversant with world affairs agrees that this method of doing business will have relatively little place in normal times during the years to come. Credit transactions will prevail in foreign as in domestic trade.

During recent years our foreign trade has amounted to approximately one-fifth of our total trade. Mr. James A. Farrell, president of the Steel Corporation, has well pointed out that the difference between making a profit and just meeting expenses depends upon keeping our plants fully employed—upon our ability to sell the last twenty per cent. of their capacity. During 1920 our exports amounted to \$8,228,759,748. Over one billion was sent to Latin America alone. Eleven and three-tenths per cent. of the gross value of all our manufactured goods were marketed abroad during 1919. To hold this huge foreign trade means stability and prosperity; to let it slip away means over-production, depression, unemployment and no profits.

At the present time foreign credit transactions are decidedly under suspicion. On every hand we hear of cancellations, refusals to accept goods,

and the protesting of irrevocable credits. All this naturally tends to make foreign traders hesitate and become extremely cautious, as well they may be. We are in the trough of a world movement of price readjustment. Our manufacturing capacity has been expanded enormously and a big foreign trade is absolutely essential if the plants are to be operated at anything like their maximum output. Selling only the surplus left over after our domestic demands are taken care of is no way to build up a permanent foreign business. Some manufacturers are definitely allocating a percentage of their output to the foreign field, and this is the right procedure.

A survey of business conditions prevailing in the chief foreign markets shows conclusively that it is impossible for anyone to sell them on a big scale if cash against accounts is demanded. Foreign customers simply have not got the cash and cannot do business on that basis. We must extend credit in one form or another if we want to do business abroad.

It is estimated that we have already extended credit to foreign merchants, manufacturers and governments to the extent of some \$4,000,000,000, most of it in the form of goods and on long time. The grower or manufacturer who thus sells on long credits, as well as the investor or speculator who loans money to a foreign government in exchange for its bonds, does so for the most part by borrowing from his bank. Such transactions tie up commercial bank loans in a way that is not safe and not in accord with good banking principles. The shutting down on such loans is one reason for the establishment of banking institutions organized for the purpose of extending long-time credits.

The first foreign banking corporation organized under the Edge Law has

been in successful operation now for some time. Another was recently organized in New Orleans to handle cotton sales particularly. The Bankers Union is being promoted by Boston interests and the McHugh plan for a \$100,000,000 foreign financing corporation, is now being gotten ready for operation, with the support of the American Bankers Association. Still other organizations are talked of, the object of all being to provide long term credits to reliable foreign customers.

In spite of all the uncertainties in the present business situation and the grave problems involved in the effort to readjust and reach a more stable equilibrium, the fact remains that the factors making for safety and orderly progress in many foreign countries are as sound and constructive as in our own country. There are honest and capable merchants in South America, Europe and the Orient fully worthy of long-term credits. To drop the connections we have with such customers because they cannot pay for our goods in cash would be to cripple most seriously our foreign trade in the future and give a lead to our competitors that would be hard to overcome.

But the extension of foreign credits must be made with extreme care. This means a knowledge of the general economic, political and financial conditions in any particular foreign country and of the soundness and actual standing of any customer who wants our goods. And here is where the rub comes: We have yet to develop largely the organization, the technique, and the experience necessary for the collection and dissemination of the right kind of foreign credit information.

At present such information as is available comes largely from the following sources: First, the banks. A few of the large banks with agencies abroad collect first-hand information and maintain complete, up-to-date files. This number includes only those who have many customers in foreign trade. For the most part the other banks simply borrow. Securing foreign credit information and keeping it up to date is expensive.

A bank maintains such a department in order to serve its clients and draw new ones. As the head of the foreign department of one large bank said: "We maintain a service here for our customers that costs us many, many thousands of dollars a year, and then is far from satisfactory. We cannot cover the world with our own agents and consequently must rely chiefly upon secondary and unassured sources of information. If we could give up this service without prejudicing the interests of our customers we would be only too glad to do so."

Then come the mercantile agencies, chiefly Dun and Bradstreet. Both of these have foreign departments, but they have not specialized in the foreign field and have not extended their organizations throughout the world. The management of their agencies is not always in the hands of American citizens and the sources from which they get their information frequently leaves something to be desired. The agencies do not have quite the same standing in their foreign work that they do in the domestic field. Either they will have to expand and perfect their foreign service or other sources of getting the desired information will be developed.

The National Association of Credit Men has a foreign bureau and is now engaged in securing the ledger experiences of its members for the benefit of fellow members. The Association recently stated that "Hundreds of millions of dollars are lost annually through commercial frauds perpetrated by concerns in other countries which take advantage of American business houses."

No provision is made in the Credit Men's plan for securing original, first-hand information on their own account, but they have an important contact which gives them much information, though not complete, of both a general and specific nature from around the world. Some of this is published in a confidential weekly bulletin. If their members are willing, as they should be, to exchange ledger information, it is obvious that such information will be

BROWN BROTHERS & CO.

Established 1818

4th & Chestnut Sts.
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59 Wall St., NEW YORK

60 State St.
Boston

CREDIT INFORMATION

In the many years of our business experience we have compiled valuable credit information concerning individuals, firms, and corporations in all parts of the world. We are in a position to obtain facts of current credit and commercial conditions in this and other countries and to advise as to foreign business usage. This service is at the disposal of our clients.

A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
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of capital importance, though available to members of the Association only.

The insurance of foreign credits has been urged upon bankers for a number of years by manufacturers. Mr. Alvin Johnson, chairman of the board of the Baldwin Locomotive Works, has frequently said that the manufacturer is not equipped to pass on foreign credits safely, and that credit is not a manufacturing but a banking risk. The banks, however, have played safe by refusing to do more than place such information as they have been able to secure at the disposal of their customers. A prominent manufacturer recently said:

"When one of our manufacturers gives a credit order he passes it along to his credit man for checking. The credit man gets all the information he can, but unfortunately it is generally not full, accurate and recent enough for him to feel safe in passing the order, so he turns it down. He plays safe. If he had the same character of information with regard to foreign customers

and prospects as he has for domestic he could save his house enough business to pay a handsome dividend."

The American Manufacturers Foreign Credit Insurance Exchange was recently organized at Chicago, chiefly by a group of men connected with the Illinois Manufacturers Association. It is a mutual company, on a membership basis and not, therefore, open to all on a fee basis, the members endeavoring to safeguard themselves by pooling their information and responsibility. This means, therefore, chiefly an exchange of ledger experience.

Under the plan proposed by the Exchange the solvency only of the debtor is insured. Non-acceptance of the merchandise by the customer or *refusal of payment* is not covered.

Such are the organizations now in the field. That our manufacturers particularly need much more comprehensive and dependable service in the foreign field than they have had in the past is obvious and that proper credit information underlies any rational plan of



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NEW YORK	PHILADELPHIA	MONTREAL
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financing is true. The director of a foreign trade corporation with a large business in Latin America especially says that a considerable part of his business comes from manufacturers who do not have the sources of credit information that would enable them to take credit risks safely. The British and German traders have long had better credit, banking and insurance in their foreign work than we have had. There is no reason to believe, however, that the excessively long credits sometimes granted by the Germans were in accordance with sound business or should be imitated by others. What we should imitate is their collection of minute, accurate, first-hand credit information upon which they based their transactions. And this leads to a consideration as to just what is needed by our exporters in the way of foreign credit information.

Such information, to be satisfactory, should be first of a general economic character—the condition of internal trade in any given country, the flow of its foreign commerce, the chief sources of its imports and exports, the financial and political trend, and the general outlook.

Next there should be complete reports, in standardized form, from the customer or prospect himself, from his friends and his competitors, from his own bank and from other banks, and, if possible, from American exporters. Such reports should bring to light the nature of the transactions that the customer has had, the highest amount of credit extended to him, his punctuality in paying, an accurate statement of his assets and liabilities, frequency with which the business “turns,” cases in which suits for payment have been brought, judgments rendered, divorces, marriages, and personal reputation. Such reports should show up the crooks and dead-beats from the honest customers worthy of future dealings.

A practice not infrequently employed in the past by unsubstantial concerns is that of referring only to a bank or other dealer with whom they have had satisfactory dealings and saying nothing about those with whom their dealings have been unsatisfactory. Likewise foreign customers have sometimes been granted the full line of credit to which they were entitled by three or four different manufacturers or dealers, thus leading to overextension, frequently with unhappy results. Moreover, it must be remembered that even a sight-draft transaction is a credit risk, for the consignee may refuse payment and thus throw the merchandise back upon the seller.

Such reports, based upon recent, careful, direct information, and presented in a clear, simple form would do much to enable our traders to extend their business abroad with the same degree of confidence that they do at home.

The idea of an adequate foreign credit service has been roundly commended by some of our leading students

of foreign trade. Mr. E. H. Outerbridge says, "Credits must be based upon the character and the assets of the individuals who are to receive it." Mr. Archibald J. Wolfe says: "To try and cope with the changed conditions on the basis of the old type credit information machinery is to endeavor to pilot an ocean steamer with a toy compass." And Mr. Jerome D. Greene, of Lee, Higginson & Co., makes the statement that a good foreign credit institution "would do more, perhaps, than any-

thing else to make available such credit as actually exists and to prevent avoidable over-extensions with the attendant losses and still more serious reaction against legitimate foreign credits."

Trustworthy credit information is as much to the advantage of the honest foreign dealer as it is to our own exporter. It will be of large usefulness when it enables every honest seller and buyer to extend his trade to the limit of his resources with safety and assurance.

Financial Conditions in Roumania

By Nicholas Petrescu, Ph.D.

THE financial strain under which the majority of European countries have been living since the signing of the armistice is to be found also in Roumania. There is good reason for believing that the pressure of such a state of affairs is now less severe than was the case one year ago. Nevertheless, the public finances of that country are still suffering from disorganization. The gap between expenditures and revenues has not yet been filled up, and foreign trade is recovering slowly from the effects of the war. The causes operating to bring about this situation are the following: underproduction, lack of sufficient means of transportation, and the depreciation of currency values.

AGRICULTURAL UNDERPRODUCTION

The chief resources of Roumania's wealth are cereals and oil. The agrarian reforms and the wanton destruction of the oil industry during the war have completely disorganized the two great industries of the country. Since the expropriation of the large estates the agricultural conditions of Roumania and its problems are entirely different from

anything to be found in the Western countries of Europe or America. The crops are raised by a multitude of small landowners, for the most part poor and unable to command credit for the purchase of agricultural machinery. Their means of production are thus very limited. Moreover, these small landowners cultivate only a portion of their property, being, as a rule, unaware of the fact that the general production of the country lags behind.* Such a situation cannot be considered with anything but anxiety. Means of remedying it are being considered, such as coercive measures and the enlightenment of the country population as regards the collective interests of the nation.

THE OIL INDUSTRY

Before the war Roumania ranked fourth among the oil producing countries of the world, coming after the

*As a matter of fact, the sowings for the agricultural year 1919-1920 have amounted to (for the old Kingdom and the regained territories) 2,016,454 ha. of wheat, 212,127 ha. of rye, 1,222,367 ha. of barley, 893,304 ha. of oats, and 3,007,812 ha. of corn. Compared with pre-war figures, the sowings of wheat and rye have fallen off about 40 per cent., and those of corn about 20 per cent.

FRENCH AMERICAN BANKING CORPORATION

67-69 William Street, New York

STATEMENT OF CONDITION DECEMBER 31, 1920

RESOURCES

Cash on hand and in Banks.....	\$873,388.65
Due from Foreign Banks.....	2,361,667.60
Current Accounts	1,114,988.98
Investments	1,000.00
Demand Loans on Collateral.....	1,500,000.00
Other Loans	20,000.00
Bankers' Acceptances Purchased.....	1,133,275.68
Other Bills Purchased.....	7,702.15
Furniture and Fixtures.....	6,356.22
Accrued Interest, Commission and other Items Receivable....	205.45
Customers' Liability under Acceptances and Letters of Credit	2,807,510.80
Exchange Sold—Payment Pending.....	7,708,464.98

Total \$17,534,560.51

LIABILITIES

Capital	\$2,000,000.00
Surplus	500,000.00
Undivided Profits	266,373.49
Certified Checks	109,612.81
Current Accounts	2,386,259.62
Customers' Loans	1,500,000.00
Acceptances	1,943,249.80
Letters of Credit and Foreign Acceptances.....	1,145,681.00
Exchange Bought—Payment Pending.....	5,526,638.82
Foreign Exchange	2,042,423.07
Reserved for Taxes, etc.	75,709.27
Other Liabilities	38,612.63

Total \$17,534,560.51

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United States, Russia, and Mexico. In fact, the total production of the petroleum industry in Roumania amounted to 1,885,225 tons in 1913, which represents 3.72 per cent. of the world production of that year.* One knows only approximately the area of the territories containing oil deposits. According to the latest investigations there are about 20,000 ha. (about 48 thousand acres) of oil territories in Roumania, of which only 2,500 ha. are exploited.

The total capital invested in the petroleum industry of Roumania in 1915 amounted to 519,520,000 lei (1 Leu = \$0.19), of which only 7 per cent. was Roumanian. The 93 per cent. foreign capital was represented as follows: 110 millions German capital, 96 millions British, 80 millions Dutch, 25 millions United States, 12 millions Belgium, 10 millions French, and the remaining 15 millions were Austrian, Italian, and Swiss capitals. After the conclusion of peace important changes have taken place in the distribution of foreign capitals in the Roumanian oil industry, but definite figures are lacking in this respect. It suffices to point out that the participation of British, French, and American capital is now represented on a larger scale than before the war.†

In 1913 Roumania had exported 1,036,000 tons of oil in value of one hundred million lei, that is, more than a half of the total production of that year. In 1919, only 37,000 tons of oil had been exported out of a total production of 920,000 tons. The figures for the whole year 1920 are not yet available. However, while the production has a little increased during this

*The following table shows Roumania's place among the oil producing countries of the world in 1913:

	Tons
United States	32,314,000
Russia	9,247,000
Mexico	3,000,000
Roumania	1,885,000
Dutch India	1,534,000
Austria-Hungary	1,085,000
British India	1,000,000
Japan	250,000
Germany	160,000
Other countries	350,000

†The American capital invested is held entirely by the Standard Oil Company.

Louisiana Banking Laws

The laws of Louisiana are based chiefly on the "Code Napoleon" or from the French Law.

The laws of other states are based on the Common Law of England.

For the convenience of banks and bankers of the country we have prepared a booklet on the new Louisiana Banking Laws passed by the General Assembly of 1920.

We shall be pleased to send you a copy upon request.

Hibernia
Bank & Trust Co.
New Orleans

period, the export has not advanced much over the figures of the previous year (93,428 tons for the first six months against over 500,000 tons during the first semester of 1913).

This state of affairs is due to the lack of transportation and machinery in the devastated oil fields. In order to reach the export figure of 1913 the production should be doubled over that of the pre-war times, for the home consumption has increased to nearly 70 per cent. on account of the expansion of the country.

PUBLIC FINANCES

The unsatisfactory position of industry and foreign trade is reflected in the public finances of the country. The decline of exports, inflation of currency and credit, budget deficits, and lack of a definite financial policy on the part of the Government are the concurrent

causes which make the present financial situation of Roumania so perplexing.

The depreciation of the leu has been determined not only by the adverse balance of trade, but also by extraordinary inflation. After the conclusion of hostilities there were in circulation, besides the emissions of the National Bank of Roumania, a considerable quantity of Austro-Hungarian crones, Russian roubles, and notes issued by the Banca Generala during the German occupation of the country. Instead of unifying the monetary circulation, the Government has tolerated a chaotic currency system for nearly two years, during which new quantities of Austro-Hungarian and Russian paper money have been stealthfully introduced into the country. The retreat of crones and roubles took place only in September, 1920, while the circulation of the notes issued by the Banca Generala is still being allowed. The elimination of crones and roubles has burdened the public finances with ten billion lei, necessitating new emissions of paper and thereby increasing inflation.

THE PUBLIC DEBT

Before the war the public debt of the Kingdom of Roumania amounted to nearly two billion lei, of which 1,795,394,291 lei represented the consolidated debt. On June 1, 1920, the public debt of the old Kingdom amounted to 10,735,812,291 lei, of which 4,495,394,291 lei was consolidated debt and 6,240,418,000 lei floating debt. To this should be added at least 15 billion lei of public debt for the regained territories, which represent a total public debt of 25 billion lei for Greater Roumania.

The financial burden borne by the Roumanian nation appears, however, to be less heavy when compared with that of other European nations. Thus the total public debt represents 470 lei per head, against 6,395 francs in Great Britain, 5,130 francs in France, and 5,148 francs in Germany. Furthermore, if we take into account the natural resources of the country we

find that Roumania's financial recovery is a matter of time only.

THE BUDGET OF 1920-21

As already observed, one of the causes determining the actual unsatisfactory position of Roumania's public finances has been the lack of a definite financial policy on the part of the Government. The truth is that Roumania has had no budget since the armistice. As a matter of fact, the country had been spending more than it was receiving in revenue for the last two years. The difficulty of establishing a budget for Greater Roumania was chiefly due to the chaotic system of taxation in the new territories. The unification of the fiscal system throughout the country was the problem which the Government had to solve before the establishment of a definite budget. This is now on the way to being achieved.

The first budget for Greater Roumania (for the year 1920-21) amounts to 6,090,920,000 lei for revenues and 6,600,000,000 lei for expenditures, showing thus a deficit of 509,080,000 lei. It goes without saying that this budget is provisory, for it contains only a rough and approximate estimation of revenues and expenditures. As regards revenues, they result for the most part from indirect taxes, which amount to 4,586,890,000 lei, the direct taxes yielding only 461,000,000 lei. This disproportion is determined by the fact that there are no taxes on income and war wealth in Roumania. The Government is, however, contemplating the introduction of such taxes as soon as possible. An extraordinary budget will be established within the next few months in order to cover the expenditures required by the work of reconstruction and the extinction and consolidation of debts.

THE NATIONAL BANK OF ROUMANIA

Remarkable services were rendered by the National Bank of Roumania to the Roumanian State during and after the war. Although a private institution, the National Bank has the privi-

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . f105,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

lege of issuing paper money. Its function and statutes are practically the same as those of the Bank of England or the Bank of France. During the war the National Bank has advanced to the State a considerable amount of money in the form of loans. Moreover, it has made possible the raising of loans through its numerous branches throughout the country.

Up to the end of 1919 the National Bank had advanced to the Roumanian State the amount of 3,792,765,100 lei. The initial interest of 4 per cent. was reduced to 2½ and 1 per cent., and lately the bank renounced any interest in order to ease the financial situation of the State. On August 28, 1920, the Roumanian State owed the bank the amount of 5,663,095,255 lei.

One of the latest and most important services rendered by the National Bank was the exchange of crones and roubles in the provinces regained from the former Austro-Hungarian and Russian empires. The mechanism of this

operation was excessively difficult on account of the great quantity of notes smuggled by speculators from Austria, Hungary, and Russia during the last two years. The crones (of the Austro-Hungarian National Bank) were exchanged at the rate of 50 bani, and the roubles (Romanoff and Lwoff) at an average rate of 70 bani, a very favorable price compared with the actual value of these notes. The exchange of these foreign bank notes required about 10 billion lei.

The gold stock of the National Bank of Roumania amounts to 493,755,430 lei, of which a portion is still being held by the Soviet Government at Moscow.* The foreign press has circulated many rumors with regard to the fate of the

*It will be remembered that during the German invasion, the Roumanian Government moved a part of its valuable objects to Moscow, the seat of the Czar's Government. When the Bolshevik Revolution broke out (Nov., 1917) it was impossible to remove them from there, since the Lenine Government took hold of all financial institutions.

Increased Trade With France and Belgium



DURING the past year the trade of the United States with France was valued at \$1,017,240,405, and with Belgium at \$385,576,408, exports to the latter reaching double their value of 1918.

Our close relations with Lloyds and National Provincial Foreign Bank, Ltd., enable us to offer complete banking facilities throughout France and Belgium. Branches in Cairo and Alexandria, Egypt, throughout Morocco and West Africa. Special facilities for handling transactions in Tunis and Algeria.

The New York Agency invites inquiry

Bank of British West Africa

Head Office, London

New York Office—100 Beaver Street.

R. R. Appleby and Rowland Smith, Agents

Authorized Capital, \$20,000,000	Paid Up Capital, \$6,000,000
Subscribed Capital, 15,000,000	Reserve - - - 3,125,000

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .

Capital paid up . . .

Reserve Fund



.. Yen 100,000,000

.. Yen 100,000,000

.. Yen 50,000,000

(\$0.50=1 Yen)

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Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
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This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE

120 BROADWAY

R. ICHINOMIYA, Agent

Roumanian gold confiscated by the Lenine Government. It is well to quote in this connection the declaration made by Mr. Bibicescu, the governor of the National Bank of Roumania, in the latest report of the bank: "As regards the treasury at Moscow we have information which allows us to hope that it is untouched, and we add that the Allied powers have renewed their promise of giving us their coöperation in regaining its possession." To this it should be added that the Roumanian Government will ask the immediate restitution of the gold stock as the first condition of peace with Russia.

The following table shows the situation of the National Bank of Roumania on August 28, 1920:

ASSETS

Metallic stock (gold, silver and treasury bonds)	Lei 2,200,452,637
Notes of the Banca Generala stamped by the state.	32,839,891
Portofolio	479,656,863
Advances to the State.	5,663,095,255
Various other resources.	2,322,148,103
Total	10,698,192,749

LIABILITIES

Capital and reserves.	72,203,958
Banknotes in circulation.	6,477,171,551
Profits and losses.	9,604,683
Interests and various benefits.	5,209,679
Deposits	1,230,171,085
Other liabilities	2,899,015,080
Total	10,698,192,749

FINANCIAL EXPANSION

If the public finances of Roumania are in an unsatisfactory position, the private banks and other financial institutions of the country are flourishing as never before. This fact is explained by the ever-growing demands of inland commerce as well as of the international trade relations which have been developed since the cessation of hostilities. With a double territory and population, Roumania's business relations have at least doubled. New banking institutions and commercial corporations are being established throughout the country. The excellent situation of the majority of private banks is sufficient proof of the prosperous business life of the country. Nearly every bank is rais-

FOREIGN CREDIT CORPORATION

Acceptors and International Bankers

30 PINE STREET NEW YORK

[Under Supervision of Federal Reserve Board]

BALANCE SHEET, December 31, 1920

RESOURCES

Cash on Hand and in Banks.....	\$969,579.36	
Eligible Acceptances of other Banks.....	2,910,248.20	
Demand Loans, Secured.....	1,685,000.00	
		<u>\$5,564,827.56</u>
Notes Receivable Arising from Exports.....		12,814,118.02
Accrued Interest and Sundry Debits.....		282,447.79
Customers Liability a/c Letters of Credit and Acceptances.....		8,062,178.29
		<u><u>\$26,723,571.66</u></u>

LIABILITIES

Capital	\$5,000,000.00	
Surplus	1,000,000.00	
Undivided Profits	629,736.91	
		<u>\$6,629,736.91</u>
Accrued Interest Payable, Reserves for Taxes, etc.....		420,299.13
Anticipations a/c Acceptances.....		302,312.87
Obligations to War Finance Corporation.....		11,309,044.46
Letters of Credit and Acceptances.....		8,062,178.29
		<u><u>\$26,723,571.66</u></u>

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THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed . . . \$7,500,000 (£1,500,000)

Capital Paid-up . . . 3,750,000 (£ 750,000)

Reserve Fund and Undivided Profits . . . 3,928,970 (£ 785,794)

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.

Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

ing its capital, and deposits are expanding.

Lack of space prevents me from dealing in detail with present banking conditions in Roumania. I shall content myself with the situation of the two largest private banking institutions in order to show the financial expansion which has developed of late years in Roumania.

BANCA MARMOROSCH BLANK AND CO.

One of the most important financial institutions in Roumania is the Banca Marmorosch Blank and Co. in Bucharest with a capital and reserves in amount of 273 million lei. Of the total capital only a small portion is foreign. The bank is interested practically in all national industries as well as in many financial and commercial transactions with foreign countries. The progress achieved lately by the Banca Marmorosch Blank and Co. has been so considerable that it has determined the opening of several new branches in Roumania and abroad. This rapid growth is the outcome of the bank's policy, which aims at the development of Roumanian banking and commerce both at home and abroad.

During the war the Banca Marmorosch Blank and Co. has rendered remarkable services. It gave relief to the Roumanian refugees who had left the invaded territories, and extended its financial services also to the Roumanians in foreign countries. Since the cessation of hostilities the bank was confronted with the problem of reëst-

ablishing trade relations with foreign countries. It was a problem full of perplexing difficulties, partly on account of the lack of raw materials, partly on account of credit difficulties abroad. The bank, however, surmounted both obstacles, thanks to its sound method of doing business.

The total balance of the Banca Marmorosch Blank and Co. on December 31, 1919, amounted to 1,320,477,431 lei against 200,883,993 lei on December 31, 1918. These figures illustrate the large expansion of the bank after the war. The bank last year opened a branch in New York. The establishment of this branch marks the beginning of a new era for the business relations of Roumania with the United States.

BANCA ROMANEASCA

Of the many private financial institutions of Roumania, none has a larger share in developing the financial and industrial enterprises of the country than Banca Romaneasca. The capital and reserves of this bank amount to 235 million lei and are entirely Roumanian. Although founded only in 1911, Banca Romaneasca has achieved numerous services for the economic development of the country. Its policy has been from the beginning to develop and consolidate the natural resources of Roumania through the organization of national credit and enterprise. During and after the war the bank has successfully weathered the financial and commercial vicissitudes of the country. It has helped many small banks and other

financial institutions which were unable to stand the weight of war conditions. Another successful activity of the bank was to develop transportation enterprises. Thus under its financial guidance several transportation corporations have been established during the last six years. Finally, the bank has encouraged the organization of credit for the exploitation of agricultural resources, by contributing to the establishment of various corporations for the sale and export of cereals. In short, Banca Romaneasca has become a national banking institution dedicated to the development of adequate banking facilities for the economic and financial prosperity of the country.

OTHER PRIVATE BANKS

Besides the two mentioned banks there are several other important banking institutions in Roumania with a capital varying between 20 and 100 million lei. We mention the following: The Bank of Roumanian Credit, the Discount Bank, the General Bank of Roumania, the Franco-Roumanian Bank, the Bank of the Nation, the Bank of Jassy, the Bank of Albina, the Bank of Craiova, etc.

Moreover, a large number of popular banks are spread all over the country. Their function is to facilitate credit to the country population. The institution of such banks has proven to be a great

factor for the economic and financial education of the people at large.

SUMMARY

Roumania's financial position should be judged according to the economic possibilities of the country and the present situation of its private banking institutions. The unsatisfactory position of public finances is only the natural consequences of war conditions so that it does not reflect the real financial constitution of the country. This is as sound as it could be, and even from the viewpoint of public finances it is sounder than that of many other European countries.

The main problem of Roumania's finances is the organization of its national resources. This may be achieved through a sound financial policy on the part of the Government and through the appeal to foreign capital, which would help the development of the country's vast resources. American capital would find in Roumania a large and profitable field of business not only in the exploitation of the rich deposits of the soil, but also in the establishment of trade relations. The demand for American manufactured goods in Roumania is very great indeed. The Roumanian market should interest the American business men more than any other European market, for it abounds in infinite possibilities.



Opening of the Federal International Banking Company of New Orleans

AT a meeting of the stockholders of the Federal International Banking Company held January 7, R. S. Hecht, president of the Hibernia Bank and Trust Company, New Orleans, was elected temporary president, T. J. Caldwell, vice-president of the Fort Worth National Bank was elected temporary vice-president, and Haynes McFadden, secretary of the Georgia Bankers Association, was elected temporary

secretary. All of these gentlemen will serve without compensation until permanent officials are selected.

A. F. Jennings, who until recently was connected with the Mercantile Bank of the Americas, and who has been in overseas banking service for a number of years, was elected assistant secretary.

The stockholders elected the following directors:

中 法 實 業 銀 行

Banque Industrielle de Chine

Capital Subscribed . . .	Francs 150,000,000
Capital Paid Up . . .	" 75,000,000
Surplus and Reserves . . .	" 104,000,000
Deposits	" 1,120,000,000

The Chinese Government owns one-third of the Capital

HEAD OFFICE: PARIS

74 Rue St. Lazare

Central Office, Far East: Peking

BRANCHES AND AGENCIES:

EUROPE

Paris
Lyons
Bordeaux
Marseilles

CHINA

Peking
Canton
Foochow
Hankow

Havre
Dunkirk
London
Antwerp
Rotterdam

Hongkong
Swatow
Shanghai
Tientsin
Tsinanfu
Yunnanfu

INDO-CHINA

Saigon
Haiphong

STRAITS SETTLEMENTS

Singapore

JAPAN

SIBERIA

MANCHURIA

DUTCH EAST INDIES

UNITED STATES

Hanoi

Pnom-Penh

Yokohama

Vladivostok

Mukden

Batavia

New York

The New York Agency of this bank is equipped to extend every facility for banking service between the United States and foreign countries

New York Agency - - - 27 Pine Street

O. J. THOMEN, Agent.

Oscar Wells, president First National Bank, Birmingham, Ala.; Moorhead Wright, president Union and Mercantile Trust Company, Little Rock, Ark.; Mills B. Lane, president Citizens and Southern Bank, Savannah, Georgia; Robt. F. Maddox, president Atlanta National Bank, Atlanta, Ga.; John K. Otteley, president Fourth National Bank, Atlanta, Ga.; J. P. Butler, Jr., executive vice-president Canal-Commercial Trust and Savings Bank, New Orleans, La.; R. S. Hecht, president Hibernia Bank and Trust Company, New Orleans, La.; L. M. Pool, president Marine Bank and Trust Company, New Orleans, La.; S. J. High, vice-president Peoples' Bank and Trust Company, Tupelo, Miss.; J. Pope Matthew, president Palmetto National Bank, Columbia, S. C.; R. Brinkley Snowden, vice-president Bank of Commerce and Trust Co., Memphis, Tenn.; Nathan Adams, vice-president American Exchange National Bank, Dallas, Tex.; T. J. Caldwell, vice-president Fort Worth Na-

tional Bank, Dallas, Tex.; J. A. Pondrom, vice-president South Texas Commercial National Bank, Houston, Tex.; Art. F. Perry, president Florida National Bank, Jacksonville, Fla.; John E. Bouden, president Whitney-Central National Bank, New Orleans, La.

The executive committee was appointed as follows: R. S. Hecht, J. E. Bouden, Jr., and J. P. Butler, Jr., of New Orleans; R. F. Maddox of Atlanta and R. Brinkley Snowden of Memphis.

Messrs. Hall, Monroe and Lemann of New Orleans were appointed general counsel, and Hon. Hollins M. Randolph of Atlanta was appointed advisory counsel.

When the organization of the bank was first proposed it was planned to have a capitalization of \$6,000,000, but the response of the Southern banks was so immediate that it was later decided to increase the capitalization to \$7,000,000, and at an adjourned meeting of the stockholders which will be held in New Orleans February 14, the final amount of capital will be determined.

美國友華銀行

Above is
the "chop"
(trademark)
registered
in China by
Asia Banking
Corporation

DIRECT Service— what does that mean?

FROM THE TIME negotiations are started until the transaction is finally closed, this Company, at every step, exercises the closest supervision, never allowing the business in hand to get outside of its control, thus assuring accurate and prompt negotiation.

That is what we mean by *direct* banking service.

We invite interviews or correspondence with importers and exporters engaged in, or about to enter, trade with the Far East.

Branches in the Far East: SHANGHAI

HANKOW	HONGKONG	MANILA	CANTON
PEKING	TIENTSIN	CHANGSHA	SINGAPORE

Asia Banking Corporation

Head Office: 35 Broadway New York

CAPITAL \$4,000,000

SURPLUS AND UNDIVIDED PROFITS more than \$2,000,000

Permanent offices have been leased in the Whitney Bank building, and already a large volume of correspondence offering substantial business awaits the attention of the officials of the new institution.

Bankers and business men throughout the South have been very much impressed by the ease with which the \$7,000,000 capitalization for this company was obtained, and they consider it a most significant and conclusive comment on the fundamental solidity of financial and business conditions in the South.

In this connection it is interesting to note that the capital stock of the new bank is owned by a total of 1,255 banks located in ten Southern States, all of them interested in the marketing of local natural products. The \$7,000,000 capitalization and the \$70,000,000 loaning power of the Federal International Banking Company will provide a means whereby the sale and exportation of a substantial proportion of Southern commodities can be financed on terms agreeable to the foreign buyer, thus assisting materially in the relief of prevailing conditions.



Foreign Trade Outlook for the United States

THE foreign trade position of the United States is fundamentally sound and, although the problems of the next year will require maximum coöperation from all, there is much to

inspire confidence and hope for the future, and the outlook for a greatly cleared situation in 1921 seems promising at this time, according to the new year issue of the Guaranty Trust Com-

Not Merely "A Bank"— But "Which Bank"

THE necessity for maintaining an account with a New York bank has been well established. It is simply a matter of selecting the bank which best suits your needs. The Atlantic National serves the New York wholesale district—especially in produce, fruits, dairy products, eggs, boots and shoes, textiles, hardware, electrical goods, machinery, china and glassware—and provides its correspondents with a distinctive, personal service.

ATLANTIC
National Bank
257 Broadway—Opposite City Hall
NEW YORK CITY



pany's international trade survey, "American Goods and Foreign Markets." Concerning the foreign trade outlook, the survey says, further:

Entering the new year in a sounder financial, industrial and political condition than any other important nation in the world, the United States faces the combined duty and opportunity of establishing on a firm, permanent basis the dominant position in world trade which her prosperity warrants and on which her future progress in large measure depends. Our industrial machine, stimulated by five prosperous years, is geared to supply a large export trade, and foreign markets continue to demand enormous quantities of our surplus products. To satisfy this foreign demand, through foreign investment and the granting of agreeable credit terms, and thereby to provide a permanent outlet for the surpluses of our industry, is America's outstanding economic problem to-day.

During the last twelve months the

European demand for raw materials with which to restore industry to normal production has kept our export trade at a high level. A continuation of this increased demand may safely be expected, for, as the European nations progress in the restoration of their industrial productivity, they will become better able to purchase and pay for American finished products in increased quantities. American foreign traders should, therefore, overlook no opportunity to strengthen their hold in recently acquired markets and to reach out into the many new fields which circumstances have opened to them.

In spite of the large volume of our exports during 1920, the addition to our balance of trade shows a decided falling off as compared with 1919. Imports, which in 1919 totalled less than one-half of our exports, now amount to two-thirds of our exports, a recovery which can be taken as an indication of further levelling of our export balance during 1921.

50 Years of Foreign Exchange



SINCE 1872 the New York Office of THE CANADIAN BANK OF COMMERCE has specialized in the transaction of foreign exchange business.

The test of time reveals an increasingly capable organization, commanding exceptional facilities for the purchase or sale of exchange on all parts of the world.

The Canadian Bank of Commerce

Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

New York Agency: 16 Exchange Place

The stimulation of foreign investment, which is likewise vitally related to the condition of our domestic business, will do much toward relieving us from the burdensome inequalities of our foreign trade position. The extension of adequate credits through such investment will strengthen the buying power of foreign countries for our products and give permanency to our foreign trade, and thereby make secure for us future markets for our vast surplus production. An initial step of great importance in strengthening our foreign investments has been taken in the proposed organization of a \$100,000,000 financing corporation under the Edge Law. The plan of organization contemplates a widespread distribution throughout the United States of the debentures of the corporation, and business, financial and labor interests should share in the extensive operations of the corporation by which they will all be benefited.

Great Britain

REVIEW OF THE PAST YEAR

The National City Bank of New York thus summarizes Great Britain's economic experience during 1920:

Great Britain has passed through a strenuous year, with grave disorders in Ireland and almost equally grave labor problems. The former are more acute at the moment, but the latter are more fundamental. The coal strike was an exceedingly threatening menace, involving as it did a challenge to the Government, and a covert demand for the nationalization of the coal industry. It was settled, however, with the intelligent co-operation of influential labor leaders, and this is the most reassuring sign in the British industrial situation. The representatives of British labor and British socialism who visited Russia during the year, in every noteworthy instance, reported against the adoption of the Soviet policies by British workingmen.

Despite the difficulties in industry, the revenues of the British Treasury have more

Banking Service in the Far East

BRANCHES

BURMA

Rangoon

CEYLON

Colombo

CHINA

Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

FRENCH

INDO-CHINA

Haiphong
Saigon

INDIA

Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras
Tavoy

JAPAN

Kobe
Yokohama

JAVA

Batavia
Sourabaya

SIAM

Bangkok
Puket

SUMATRA

Medan

PHILIPPINES

Cebu
Iloilo
Manila

MALAY STATES

Ipoh
Klang
Kuala Lumpur
Penang
Seremban
Singapore
Taiping

Chartered Bank of India Australia and China

Head Office
London

New York Agency, 88 Wall Street
William Baxter, Agent

Capital and Reserve
Over \$24,000,000

than met expenditures since the beginning of the fiscal year, April 1, 1920, enabling substantial payments to be made upon indebtedness. The Government has stated that by the end of the fiscal year all the war subsidies will be abolished. At the close of 1919, the Government announced that the outstanding issue of exchequer currency notes, above cash reserves, would not be permitted to exceed £320,600,000 in the year 1920. This pledge has been observed, the excess on December 1 being £303,854,000, and the percentage of reserve 13.5, against 9.1 at the close of 1919. The gold stock of the Bank of England on December 1 was £124,991,291, against £91,790,369 on that date of 1919. During the eleven months to the end of November, the adverse balance in foreign trade was reduced about \$600,000,000. In actual accomplishments therefore Great Britain has notably improved her situation during the past year.

BRITISH TRADE OUTLOOK

Recent improvement in the exchange position of the pound sterling, although its immediate effect on trade may be of a negative nature on account of the hesitancy of buyers abroad and although the gains registered since the

first of the year may be in part due to temporary influences, is sufficiently encouraging to warrant optimism in any consideration of Great Britain's ability to increase her buying power for American goods, according to the Guaranty Trust Company's international trade survey, "American Goods and Foreign Markets." The undertone of the British exchange market continues firm, the bank says, and, despite fluctuations by which recent transactions have been marked, there are indications that the upward trend may have a decided salutary effect on the United Kingdom's foreign trade.

The Guaranty likewise considers as significant the reflection of the Sterling rise in many European rates, some of which have recently reached the highest marks in many months. Concerning Great Britain's general foreign trade outlook at the commencement of the new year, the bank says:

Great Britain, despite the numerous internal problems of finance and industry which

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

BRANCHES IN COLOMBIA:

Bogota
Bucaramanga
Cartagena
Cienaga

Cucuta
Girardot
Honda
Magangue

Medellin
Ocana
Riohacha
Santa Marta

Distinctively efficient service rendered to financial institutions, corporations, merchants, manufacturers and individuals requiring a Colombian connection.

International banking business of all descriptions transacted.
The agency of foreign and Colombian banks undertaken.

Telegraphic Address: Dugandbank, Barranquilla

she must courageously face and work out, may well enter the new year inspired by the progress shown during the last twelve months toward the recovery of her foreign trade. Exports last November were valued at £119,000,000, an increase of more than £7,000,000 as compared with October, and imports were valued at £144,000,000, a decrease of almost £6,000,000 as compared with the preceding month. It is estimated that the adverse trade balance was reduced by at least \$700,000,000 during 1920.

England realizes keenly the need for giving the utmost consideration during the coming months to the financing of her exports to the almost extinct markets in the impoverished nations where goods are urgently wanted, but where depreciated exchanges have made normal trade impossible. Credit balances accumulated as a result of England's unprecedented war purchases and subsequent credits established through the mechanism of the Kingdom's trade organization have been exhausted, and the slackening in British demand for raw materials has increased the difficulty of supplying fresh credits. However, with considerable sentiment favoring the extension of additional credits, it is not improbable that these potential markets of Central and Southeastern Europe may again become factors in Great Britain's trade.

Significant in considering Great Britain's

outlook are the figures recently issued by the Savings Banks Association of the State of New York, which show that the British Empire profited more in a monetary way as a result of the war than any other nation, her estimated wealth now being approximately 230 billion dollars, as compared with 130 billions when the war started. This gain of 100 billion dollars is attributed to the wealth added by the Mesopotamian oil fields, African territory taken from Germany, and elimination of Germany as a trade competitor, and will serve as an important asset in the recovery and expansion of foreign trade.

Although the problem of getting cash from European countries has been as serious with England as with the United States, and although her production handicaps during the last five years have been even greater than ours, nevertheless Great Britain has in no sense let up in her campaign to cement her foreign connections during the time when it has been impossible to fill orders and to plan with increased vigor and determination to make British-made products more widely known over the world than ever before. Her perfected network of Governmental and private organizations has continued actively during the period of economic depression to lay the foundation for future business, and to wait. An example of this activity is the establishment by the

Department of Overseas Trade of a permanent exhibition of foreign wares, comprising samples, specifications, foreign catalogues, and other features which will aid British manufacturers and exporters in appraising the strength and character of competition to be met in foreign markets. The exhibition opened with about 100,000 samples and 15,000 catalogues, and is being steadily enlarged.

The foreign trade position of Great Britain, in so far as it is affected by the depreciated exchanges of many of her customers, is parallel to our own, though our problem is even more difficult owing to the fact that the United States dollar is at a premium in every country of the world. The result of England's farsighted policy has already been evidenced in the figures of her foreign commerce. It must be given consideration in the United States in regarding the future of our own foreign trade.

France

FOREIGN TRADE FIGURES

French exports and imports by grand catagories during the first 11 months of the year 1920, compared with the same period in 1919, were as follows:

IMPORTS			
	(000 omitted)		
	1919	1920	Net change
Food products	9,220,080	7,945,294	-1,274,787
Raw materials	11,972,475	15,251,867	+3,279,392
Manufactured articles	9,016,874	9,259,533	+242,659
Totals	30,209,429	32,456,694	+2,247,265
EXPORTS			
Food products	891,034	1,992,697	+1,101,663
Raw materials	1,667,442	4,405,143	+2,737,701
Manufactured articles	5,356,470	13,323,685	+7,967,215
Parcel post shipments.....	747,054	1,052,336	+305,282
Totals	8,662,000	20,773,861	+12,111,861

The excess of imports over exports which was 21,547,429,000 francs for the first eleven months of 1919 has been decreased to 11,862,833,000 francs for the corresponding period in 1920. Thus in one year the trade balance has been

bettered by nearly ten billion francs, although it is still unfavorable to the

PARK-UNION FOREIGN BANKING CORPORATION

56 Wall Street, New York

Capital (fully paid) - - - \$4,000,000

Surplus and Undivided Profits - \$754,000

BRANCHES AT

Shanghai Tokio Yokohama
Paris San Francisco Seattle

Transactions in Exchange

Travelers' Letters of Credit

Commercial Credits

Foreign Collections and Cheques

Acceptances

Transfers of Money

Advances against Collateral for the Financing
of Foreign Business

CHARLES A. HOLDER - President
T. FRED ASPDEN - Vice-President
E. B. MACKENZIE - Sect'y & Treas.

of note as well as the increase in the importation of raw materials indispensable for production. On the whole the figures indicate a gradual and encouraging return to pre-war conditions.

FRENCH LOAN FIGURES

According to reports from Paris subscriptions to the Republic of France 6 per cent. National Loan of 1920 amounted to 27,000,000,000 of which 12,500,000,000 francs were in loan scrip and 9,100,000,000 francs in fresh money.

FRENCH POLICY TOWARD FOREIGN BANKS

The Paris correspondent of *The Economist* writes on December 28:

As has long been expected by observers here, the remarkable increase in the number of foreign banking institutions that have during the past few years established branches in Paris has at last attracted the attention of the French lawmakers as a possible source of additional revenue for the State. French bankers have for some time been watching jealously the constant increase in the number of foreign banks operating here. Latterly, indeed, this increase has been one of the most remarkable features of post-war Paris; and to such an extent has this been the case that it may safely be assumed that whenever the closing of some well-known restaurant, theatre, or similar establishment, occupying a prominent position on the boulevards, is announced, its place will be taken by an English, American, or other foreign banking institution. The Elysee Palace Hotel in the Champs Elysees, the Hotel Bristol (long favored by King Edward), and at least half a dozen other equally well-known places have been, or are about to be, transformed into banks, while the minor sites that have undergone similar transformations, or are about to do so, amount to somewhere near two score. M. Geo-Gerald, a private member of the Chamber of Deputies, has now introduced a bill (which has been referred for consideration to the Finance Commission of the House), in which he proposes that a special tax of .1 per cent. shall be imposed on the capital and reserves of such foreign branch banks as are established in France, with a supplementary tax of .2 per cent. on all their operations in France. One of the articles of the bill prohibits foreign banks installed in France from dealing in any shape or form with foreign loan issues, other than those that concern their own countries of origin,

except by special authorization. The preamble to the bill points out that a similar law already exists in Spain, and that, in addition to certain other restrictions, concerning foreign banking concerns that prevail in the United States, the State of New York has recently interdicted branches of foreign banks operating within its frontiers from receiving deposits.

This news was received with considerable interest in New York and on the subject Albert Breton, vice-president of the Guaranty Trust Company, was quoted as saying:

It should be remembered that the New York State banking law provides that upon compliance with certain formalities and upon the issuance of a license by the Superintendent of Banks, a foreign banking corporation may transact here the business of buying, selling and paying or collecting bills of exchange, of issuing letters of credit, or receiving for transmission money by draft, check, cable or otherwise, or making sterling or other loans, and may maintain in the State an agency for carrying on such business.

There are certain things which a foreign banking corporation may do in New York State without even going through the formality of taking out a license. Thus, a foreign banking corporation which does not maintain an office in the State is not prohibited from making loans secured by mortgages on real property, nor from accepting assignments of mortgages covering real property situated in the State, nor from making loans through correspondents. It may be said that the agencies of foreign banks are not authorized to do a local discounting business, but they may, of course, buy and negotiate promissory notes and other evidences of debt. This latter power is inherent. It is identified with the business of banking and a convenient, necessary method of carrying out one of a bank's fundamental and essential purposes, namely, the lending of money.

It may well be pointed out that foreign banks which are engaged in financing trade between the United States and other countries are enabled through the maintenance of an agency in New York State to have a much closer relationship to our market than they could otherwise hope to secure, and thus perform a most important function in financing the world's foreign trade.

The fact that many foreign banks, including French, have had their agencies here for years shows conclusively that our present banking laws do not constitute barriers to foreign banks. And many of our leading financiers consider that the more foreign banks we have here the more important will New York become as an international financial centre.

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus

\$14,937,988.98 Argentine Gold

equal to \$14,413,343.28 American Gold

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

CORRESPONDENCE IN ALL LANGUAGES INVITED

Germany

GERMANY'S FOREIGN TRADE

According to official statistics of the British Board of Trade, Germany had a balance of over £4,000,000 in her favor as a result of British-German trade, during the first nine months of 1920, in articles wholly or mainly manufactured there.

The board's detailed returns, which were recently received by the foreign information department of the Bankers Trust Company, of New York, shows that Germany sold goods of this character valued at £17,190,793, to England. British shipments to Germany of corresponding goods, including re-exports of foreign and colonial products, amounted to £12,952,404.

German exports of manufactured goods to Great Britain, were, however, far below the value of similar exports

in 1912 and 1913. For the first nine months of these years the Board of Trade figures are: 1912, £36,400,000; 1913, £41,000,000. Commercial motor cars, worth £1,545,407 comprised the largest single item, in money value, in the list of German goods bought by England in the nine months of 1920. Coal-tar dye-stuffs valued at £1,399,027 came next, while toys and games amounting to £934,830 were third. Other large items included paper £792,545; silk broadstuffs £599,273; wool tops £501,040, and glassware of all kinds £621,275.

Great Britain's largest exports to Germany were cotton yarns and manufactures valued at £3,319,969; woolen and worsted yarns and manufactures, £3,072,394; wool tops, £958,516; soap, £381,799; and leather, £380,137. Her re-exports to Germany of foreign and colonial products amounted to £2,312,005, one-third of this amount representing gasoline and oils.

Trade of the United States with Germany in the year just ended aggregated

Judgment based on facts

The difficult period of readjustment through which we have been passing has its reflection in our business relations abroad. The slump in our own markets for coffee, hides, wool, for even such purely domestic products as wheat, cotton and steel, has a depressing effect the world over.

A period of readjusting values compels careful and trained judgment based on facts. Today, as never before, our foreign trade demands the same care and attention which we readily bestow on our domestic business.

No one realizes more clearly the necessity for positive knowledge of current conditions abroad than the American bank with close foreign connections through branches and affiliations. This bank keeps in close touch with business movements abroad through the medium of trained observers here who are in constant communication with its foreign organization. The specialized knowledge of these men constitutes one of the most valuable phases of the bank's service at the present time.

This bank welcomes an opportunity to furnish information on the trend of business and financial conditions in Latin America, France, Spain and Germany.

MERCANTILE BANK OF THE AMERICAS

An American Bank for Foreign Trade

44 PINE STREET ~ NEW YORK

New Orleans

Paris

Barcelona

Madrid

Hamburg

Affiliated Banks in

Argentina

Brazil

Colombia

Costa Rica

Cuba

Honduras

Nicaragua

Peru

Venezuela

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

Tiflis - Banca Italo Caucasica di Sconto - Rome

Zara - Banca Dalmata di Sconto

OVER 132 BRANCHES AND AGENCIES IN ITALY

BOARD OF DIRECTORS:

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Senator GUGLIELMO MARCONI

Vice-Chairmen
LUIGI BARAGIOLA
ACHILLE VENZAGHI

Honorary Chairman
CESARE ROSSI

Managing Director
Comm. ANGELO POGLIANI

CENTRAL MANAGERS

Frederico Canziani
Carlo Casati
Angelo Catelli

Vito Celli
Vitaliano di Capua
Nullo Muratori

Attilio Reali
Ernesto Tucci
Emilio Wirz

Every Kind of Banking and Exchange Business Transacted

nearly \$400,000,000 against \$533,000,000 in the biggest year preceding the war—the calendar year 1913. This estimate, says a statement by the National City Bank of New York, as to the trade with Germany during the full year, is based upon actual figures for the eleven months, which show exports to Germany in the eleven months ending with November, 1920, at \$253,000,000 and imports from Germany in the same period \$84,000,000. Should the December figures equal or even approximate those of November, the grand total of trade with Germany for the calendar year 1920 would fall little short of \$400,000,000, as against the high water mark of \$533,000,000 in 1913, for it happened that the year immediately preceding the war showed that our trade with Germany was bigger in value than in any preceding year.

Of course, it does not follow, adds the bank's statement, that the approximately \$400,000,000 worth of merchandise forming our trade with Germany in the calendar year 1920 repre-

sents anything like the quantity of material represented by an equivalent sum prior to the war, for, even measured in our own gold standard, the valuation per unit of quantity is now fully twice as much per pound or per ton or bushel or barrel or gallon as prior to the war. But nevertheless it is a fact that in stated value, measured by United States dollars, the trade of 1920 with Germany is about three-fourths as large as in the biggest year preceding the war but in quantity probably less than half as much.

Italy

ECONOMIC SITUATION OF ITALY

The Italian Discount and Trust Company of New York reports that returns covering the first of the twenty



Twelve million spindles whirling fibre into yarn!

THE textile arts have held premier position in New England since the days of the Pilgrims. Today, in this section of the country alone, a quarter million throbbing looms weave one-half of the country's fabrics—nearly ten miles of cloth each minute of the day.

Twelve million spindles whirling fibre into yarn!
Hundreds of millions of pounds of raw cotton, wool, silk and jute must feed the mills every month. The major portion of this inbound commerce, and the great shipments of finished textiles as well, are financed through THE NATIONAL SHAWMUT BANK.



*Special inquiries
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careful attention.*

The influence of a number of leading mill owners in the Shawmut directorate is reflected in our well organized special facilities for serving textile manufacturers. Merchants and growers having dealings with textile firms employ the services of this bank as an economical link with the industry. Direct connections in every important port and market in the world increase our efficiency.

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Resources far exceed \$200,000,000

The Union Bank of Manchester, Limited

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Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

(\$5=£)

Nominal Capital . . .	\$12,500,000
Paid-up Capital . . .	3,750,000
Reserve Capital . . .	3,750,000
Subscribed Capital . . .	7,500,000
Reserves . . .	2,825,000
Surplus over Liabilities .	<u>10,325,000</u>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

annual assessments on Italian capital have been made public. Property of a minimum value of 50,000 lire is taxable, and the number of persons subject to this tax was 361,350, or approximately one per cent. of the total population of the Kingdom. The big proportion of property owners subject to the tax was furnished by the prosperous industrial sections in the north of Italy.

It was estimated last June that 620,000 persons would be liable to the tax, but as is seen, only a little more than half this number has been recorded. It was reckoned that the total wealth in the country subject to the tax was about 140,000,000,000 lire, but according to the returns only one-half of this total—70,000,000,000 lire—seems to be liable. The estimated annual yield of the levy dwindled, therefore, from 783,000,000 lire to 450,000,000 lire in this first year. These initial returns indicate plainly that the invested property of the country is widely diffused, rather than concentrated in a few hands.

The present deficit of the Government is about 500,000,000 lire. Measures have already been proposed to meet this deficit. Higher taxes will be imposed on incomes, wines, luxuries, and tobacco, and the rate on private capital will be doubled in 1921. Another plan to help make up the deficit provides for an increase in the price of bread, which would save the Government about 2,725,000,000 lire. More than half the foreign wheat required until the next harvest has already been purchased by the Food Administration.

Belgium

ANOTHER BELGIAN LOAN FLOATED IN NEW YORK

J. P. Morgan & Company and the Guaranty Company of New York are putting out a new loan of \$30,000,000 to the Kingdom of Belgium. A syndi-

cate of New York and Chicago banks and investment houses has been formed to market the securities, which will take the form of twenty-year 8 per cent. sinking fund gold bonds. They are to be redeemable as a whole or in part at the option of Belgium on any interest date on and after February 1, 1931, at 107½ per cent. and accrued interest. Principal, premium and interest are payable in United States gold coin without deduction for any Belgian taxes, present or future.

The bonds are to be direct external obligations of the Kingdom of Belgium. They are to be issued under a loan contract in which the Kingdom of Belgium will covenant that if in the future it shall issue by public subscription any loan having a lien on any specific revenue or asset, these bonds shall be secured equally and ratably with such loan. In the loan contract under which the bonds are to be issued, the Kingdom of Belgium will covenant to pay to J. P. Morgan & Co. and Guaranty Trust Company of New York, as sinking fund trustees, in equal quarterly installments beginning May 1, 1921, until the entire loan has been redeemed, sums sufficient to purchase each year \$1,500,000 principal amount of bonds at the price of not exceeding 107½ per cent. and accrued interest.

In the event that, prior to December 15, 1925, bonds are not purchasable through the sinking fund in amounts sufficient to retire bonds at the rate of \$1,500,000 a year, the unexpended balance in the sinking fund is to be applied to the redemption of bonds by lot at 107½ per cent. on February 1, 1926; and in like manner, any moneys remaining in the sinking fund on December 15 in each year thereafter, are to be applied to the redemption of bonds by lot at 107½ per cent. on the next ensuing February 1. The amount of the interest accrued on bonds purchased or redeemed is to be paid by the Kingdom of Belgium other than out of the sinking fund. All bonds not previously retired by the sinking fund are to

be paid at maturity at 107½ per cent. and interest.

The members of the syndicate are: J. P. Morgan & Co., Guaranty Company of New York, First National Bank, New York; The National City Company, New York; National Bank of Commerce in New York, Bankers Trust Company, the Chase National Bank, the Liberty National Bank, Central Union Trust Company of New York, Lee, Higginson & Co., Kidder, Peabody & Co., Dillon, Read & Co., Harris, Forbes & Co., Halsey, Stuart & Co., Continental and Commercial Trust and Savings Bank, Chicago; Central Trust Company of Illinois, Chicago; First Trust and Savings Bank, Chicago and Illinois Trust & Savings Bank, Chicago.

Latin America

THE SOUTH AMERICAN SITUATION

Commenting on South American trade conditions the January issue of *The Americas* says:

South America is almost exclusively a raw material producer. Its manufacturers are negligible and it is acutely responsive to those great world drifts of expansion and depression, inflation and deflation, industrial activity and trade stagnation which seem inevitably to come in cycles to confound the plans of man and to prevent the world from making progress at the rate of speed which seems possible while the upswings of business are in progress. That being the case, the entire continent is the first to feel the effects of the recurring periods of lessened consumptive demand followed by curtailed production and reduced buying of raw materials by importers and manufacturers in the United States and in the other industrial countries.

But the bright side of this picture, so far as it applies to the present situation, is that the raw material country is the first to experience the beneficial effects of a world recovery. Consumption goes on regardless of other considerations. Human beings must and will eat, their clothes wear out, shoes must be replaced, rubber tires have a definitely limited life, and there is always an upper strata in society that can afford to

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Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars



purchase luxuries regardless of general economic conditions. So, taking a large view of the situation, the raw material countries may, if they are philosophical enough, comfort themselves with the positive assurance that there is no great surplus of goods when the world is considered as a whole and that while buying may be brisk at one time and slow at another there is a crying need somewhere for all the consumable goods in existence and that need will be supplied as the economic and financial machinery of distribution becomes sufficiently workable.

The present job is to make the machinery of distribution more flexible and adjustable to the extraordinarily upset condition of the world at the moment, particularly in Europe. Such adjustments take time, but they will come. Necessity is the mother of invention in the great trade relations of the world just as surely as in the smallest detail of everyday life. It is unthinkable that the great continent of Europe, three years after the close of hostilities in the world war, will not be able to devise some plan by which a considerable part of South America's 60 per cent. of exports which formerly went to Europe will not again make possible the turning of the wheels of industry in England, Germany, France, Belgium and Italy.

India

THE SITUATION IN INDIA

Trade conditions in India remain depressingly stagnant, says the Review of Barclays Bank, Ltd., the slump in the exchange having brought about an almost complete cessation of business. The difficulties directly due to the fluctuations in the value of the rupee are accentuated by the uncertainty as to the future course of prices and the natural hesitancy of buyers to purchase on a falling market. At all the ports the warehouses are congested and considerable stocks are being carried by importers, who in the absence of effective retail demand have little opportunity of liquidating their positions.

The financial strain is serious, especially in Bombay, but the banks are believed to have the situation well in

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[At par of exchange]

FROM the time when the raw material is shipped from its source to the factories for manufacture, until as a finished product it is transported to all parts of the globe, modern commerce and industry are dependent on international banking. In their co-operation and development the Banco Nacional Ultramarino, one of the oldest institutions of its kind in the world, has rendered efficient service for more than half a century. The facilities of our 70 branches, reaching all important countries, are available through our New York Agency.

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NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

HEAD OFFICE, HAVANA

W. A. MERCHANT, President

JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents

C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18

Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island

2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

Sole Depositary and Fiscal Agent of the Government of Cuba

Offers to Bankers and Merchants throughout the world,
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ASSOCIATE BANK IN NEW YORK

BANK OF CUBA IN NEW YORK

34 WALL STREET

hand, and though it is rumored that there are a few uncovered positions involving considerable figures, yet no fears are expressed of serious failures. The bank rate, both in Bombay and Calcutta, has been raised to 7 per cent.

The anomaly, for India, of an adverse balance of trade continues, the figures for October showing an excess of imports over exports of 11 crores.

— Rs. lakhs —

	Oct. 1920.	Sept. 1920.	Oct. 1919.
Imports	3,200	2,900	1,652
Exports (including re-exports)	2,100	2,200	2,931

The success of the Indian exchange policy is largely dependent upon a realized favorable trade balance. The sale of Reverse Councils is an effective method of dealing with a seasonal or temporary adverse trade balance, but it fails in the face of a persistent and continuous demand. The root of the trouble is the effect upon India's export

trade of the inability of many of her former customers to purchase Indian produce. It can hardly be doubted, for example, that there is in Europe a potential demand for cotton seed, but though the price in Bombay is now below the pre-war level, the difficulties of finance are precluding export.

Cuba

THE SITUATION IN CUBA

The outstanding features in the Cuban situation are the extension of the moratorium to February 1 and the appointment of Major General Enoch Crowder by President Wilson to go to Cuba for the purpose of conferring with President Menocal on political and economic conditions. The special mission of General Crowder caused some slight apprehension in Cuban circles, where it was interpreted as possibly foreboding

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SCANDINAVIA

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The International Banking, Shipping, Travel and Foreign Trade service of the American Express Company places at the disposal of the local bank a highly organized SERVICE through which it can do a world-wide business without additional expense and with material profit.

For Thirty Years the American Express Company has been building up an international organization; today it is one of the largest American corporations engaged in banking, shipping, travel and foreign trade throughout the world.

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A Foreign Trade Department; credit and trade reports; buying and selling of foreign commodities.

International Shipping Service; whereby its branch offices and correspondents take entire charge of forwarding merchandise (import and export) and transact all details, including insurance, customs, etc.

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INTERNATIONAL BANKING, SHIPPING, TRAVEL AND FOREIGN TRADE

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

(\$5=£1.)

DIRECTORS.

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ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago. UNITED STATES OF COLOMBIA:—Bogota.

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Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

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the intervention of the United States in the Government of the Island or at least the supervision of the elections. Assurances were given; however, that the United States had no intention of interference but had taken this step merely as an opportunity of offering friendly advice and assistance to the Cuban Government during the present emergency in the affairs of the Island, an emergency which closely concerned both countries.

President Menocal's term of office expires May 20 and it is said that unless special steps are taken the selection of his successor will not be determined by this time. Naturally this would lead to an embarrassing situation and it is to avoid just this eventuality that General Crowder will seek to find a way of disentangling the political situation.

Since Crowder's arrival considerable progress has been made in clearing away the congestion of the Havana docks, an accomplishment which has removed all necessity of an embargo at United States ports against Cuba.

A law has been passed by the Senate and is now before the House which provides, among other financial provisions, that as a remedy for the financial situation hereafter state and national funds must be kept on deposit in the respective public treasuries until some national banking institution is organized.

A four per cent. tax on the net earnings of foreign firms operating in Cuba became effective on January 1. This tax is also levied on all Cuban firms. In the case of foreign firms the tax is levied on operations conducted in Cuba where the capital exceeds \$10,000.

The United States Bureau of Foreign and Domestic Commerce advises that drafts on Cuban houses should be sent to protest within twenty-four hours after they become due, regardless of the fact that a moratorium has been declared. This is necessary under the Cuban law as, if drafts are not sent to protest, the holders may find themselves in the possession of commercial paper on which collection cannot be enforced.

Our Service to Banks and Bankers

COLLECTIONS: A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

LETTERS OF CREDIT: Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

TRAVELERS AND REPRESENTATIVES: When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

CREDIT INFORMATION: Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

We Cordially Invite Your Correspondence



Foreign Department

Head Office, Havana, Cuba



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

is prepared to render
exceptional service in
exceptional times

RESOURCES \$41,000,000

Growth of the Foreign Credit Corporation

THE success which is being achieved by our newly-organized institutions for enlarging the foreign commercial relations of the United States, when established under proper auspices, is well illustrated by the growth of the Foreign Credit Corporation. Although opened for business so recently as September, 1919, and operating for a considerable period under conditions in the foreign trade which were by no means favorable, a steady ratio of growth has been maintained in the volume of business done. Even during the closing half of last year, when the state of the exchange market operated to restrict foreign business generally, this institution's balance-sheet revealed a very satisfactory increase. Thus the bills receivable arising from exports advanced from an aggregate of \$5,756,332.46 on June 30, 1920, to \$12,814,118.02 on December 30. Material gains were also made in cash resources and in the surplus and undivided profits accounts, while the total of the balance-sheet increased from \$22,897,003.49 to \$26,723,571.66.

The Foreign Credit Corporation was formed by a number of leading American banks to promote the use of the acceptance system in the United States on lines long established and carried out in London, and in European banking centers, by financial institutions known as "acceptance houses."

Exporters and importers derive distinct advantages by the use of acceptance credits in financing their transactions, and the popularity of this method is indicated by the constantly increasing number of acceptances which are appearing in the discount market.

The Foreign Credit Corporation offers merchants in the United States and abroad, either direct or through their local bankers, a simple and advantageous method, by means of acceptance credits domiciled in New York or in foreign banking centers, of financing their transactions in the various stages of progress, arising out of the exportation or importation of merchandise.

This corporation also co-operates with banks in granting acceptance credits.

Officers of this corporation are as follows: E. V. R. Thayer, chairman board of directors; Albert Breton,

president; D. Raymond Noyes, vice-president and general manager; G. M. Dahl, vice-president; R. A. Philpot, secretary-treasurer; E. L. Sylvester, assistant treasurer.

The stockholding banks are the



ALBERT BRETON

President Foreign Credit Corporation, Vice-President Guaranty Trust Company, Vice-President Asia Banking Corporation

Guaranty Trust Company of New York, Central Union Trust Company, New York; Shawmut Corporation of Boston, Philadelphia National Bank, Chase National Bank, New York; Liberty Securities Corporation, New York.

Its principal correspondents are the stockholding banks and their correspondents including the offices of the Guaranty Trust Company of New York in London, Liverpool, Paris, Havre, Brussels and Constantinople; and other leading banking institutions in principal cities of the United States and important trade centers throughout the world.

International Banking Notes

The proposal to increase the capital of the Philippine National Bank from \$10,000,000 to \$25,000,000 has been adopted through action recently taken by the Philippine Congress, according to advices received by A. Kopp, New York agent of the bank. It is expected that the additional stock will be fully subscribed by June 1. The June 30, 1920, statement of the bank shows total resources of \$118,749,138, loans and discounts of \$73,084,611 and deposits of \$73,489,387.

—o—

Alexandre Celier and Maurice Lewandowski have been elected members of the board of directors of the Comptoir National d'Escompte de Paris.

Mr. Celier was formerly State Counsel and Manager at the French Ministry of Finances, and is well known in New York financial circles in connection with the French loans placed in the United States.

Mr. Lewandowski, the other new director, retains his office as one of the managers of the bank, and is also well known in New York banking circles.

—o—

The Bank of Rome recently opened a branch in Madrid, Spain, making a total of seven for this bank in Spain. The first one was established in 1909.

—o—

The Mitsubishi Bank, Limited, head office, Tokyo, Japan, showed net profits of Yen 4,333,621.88 for half-year ending June 30 last, after deducting expenses, taxes, etc. This sum, with the addition of Yen 121,548.77, balance brought forward from the preceding half-year, making a total of Yen 4,455,170.65, was distributed as follows:

	Yen
To legal reserve fund.....	350,000.00
To special reserve fund.....	1,800,000.00
To pension reserve fund.....	300,000.00
To bonus	100,000.00
To dividend at 8 per cent. per annum	1,200,000.00
To balance carried forward to the next half-year	705,170.65

—o—

The one hundred and fortieth half-yearly report of the directors of the Bank of New South Wales for the six months ended September 30 last, shows net profits of £348,633 12s 0d after making deductions for

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.



Capital fully paid-up	(pesos)	6,750,000.00
Reserve Funds		4,550,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

rebates, interest, taxes, bad and doubtful debts, etc., and reducing the valuation of bank premises. The addition to net profits of the undivided balance from the previous half-year gave a total of £499,080 6s 0d, which was disposed of as follows:

	£	s	d
To interim quarterly dividend at rate of 10 per cent. per annum	121,420	0	0
To quarterly dividend to Sept. 30, 1920, at rate of 10 per cent. per annum	123,277	10	0
To augmentation of reserve fund	75,000	0	0
To Buckland fund	10,000	0	0
To balance carried forward	169,382	16	0

During the year preceding deposits in the bank increased about £4,300,000, and capital and reserves about £1,100,000.

Edmund A. Whitman, American liquidator of the Austro-Hungarian Bank, has announced his withdrawal from Vienna because of the delay to his plans caused by "the policy of procrastination prevailing in

the Reparations Commission in Paris, who seem unable to agree on any question." He expected to sail shortly for Boston, he is quoted as saying.

The Banque Industrielle de Chine has declared an interim dividend of 20 francs (8 per cent.), payable February 1, compared with an interim distribution of 14 francs a year ago. The net profits for 1920 exceed 40,000,000 francs, which is more than 50 per cent. of the paid-up capital of the bank.

John Clausen, formerly vice-president of the Union National Bank of Seattle, Wash., has been elected a director and vice-president of the Mexico City Banking Corporation, S. A. Mr. Clausen will take up his new duties shortly after February 1.

Mr. Clausen was born in 1876 and received his early education in Copenhagen, Denmark, coming to the United States in 1892. He became a citizen of the United States in 1898 and served in the United States army during the Spanish-American war. Mr. Clausen's banking career began

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



in December, 1899, when he accepted a position with the North American Trust Company of New York, in the latter's branch at Matanzaz, Cuba. This institution was later absorbed by the Banco Nacional de Cuba, and he remained with it until April,



JOHN CLAUSEN

Director and Vice-President Mexico City Banking Corporation

1905, during which period he occupied various positions with promotions from that of bookkeeper and cashier to branch manager of their Matanzaz, Cardenas, Manzanillo, Santiago de Cuba, and Havana offices.

In June, 1906, he became assistant manager of the International Banking Corporation branch in Mexico City, remaining with that institution until May 1, 1907, when he resigned to become manager of the Mexico City Banking Company, Mexico City, leaving that company January 1, 1910.

One June 30, 1910, he was appointed manager of the foreign department of the Crocker National Bank of San Francisco. In March, 1917, he was elected vice-president by the board of directors of the Crocker National Bank, and continued his service with that institution until December, 1918, when he joined the Chemical National Bank of New York as vice-president.

Mr. Clausen served as a member of the committee of fifteen appointed by the commissioner of education, Department of the Interior, to study the question of educational preparation for foreign service in secondary schools, colleges, and universities of the United States and other nations. In October, 1918, he was appointed by the Department of the Interior as special collaborator in the bureau of education to assist in the survey of business needs and school opportunities for training for foreign service.

In January, 1920, he resigned from the vice-presidency of the Chemical National Bank of New York to go to the Union National Bank of Seattle, Washington. There he served as director and vice-president to develop overseas business.

The first American Ukrainian National Bank, an institution to further business relations between the two republics, has been organized at the offices of the Ukrainian National Committee of the United States. A capitalization of \$250,000 was authorized and an organizing committee was elected to

"The Swedish Bank
of Commerce"



Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 180,000,000

file an application with the Washington banking official. In founding the bank in New York it was stated that this was done in preference to London or Paris because New York is now recognized as the financial centre of the world.

The committee includes Dr. A. S. Schocky, the Very Rev. Dr. L. Lewisky, the Rev. Dr. W. Lotowycz, Simon Yablowsky, A. Roeder, S. Demyczuk and M. A. Kamin-sky.

A cable dispatch to Joseph McCurrach, New York agent for Banco Nacional Ultramarino, announced that a branch of this institution has been opened in Bombay, India, making the seventy-first branch of this bank in as many important world markets.

The report of the directors of the Munster & Leinster Bank, Limited, for the half-year ending December 31, 1920, shows profits of £81,334 13s 7d after deducting expenses, providing for interest, rebates and all bad and doubtful debts. The balance carried forward from the last account,

£27,227 7s 2d, being added to the profits, makes a total of £108,562 0s 9d, which was divided as follows:

	£	s	d
To half-yearly dividend of 20 per cent. per annum, less income tax	28,000	0	0
To investment contingency account	40,000	0	0
To reduction of premises account	10,000	0	0
To balance carried forward..	30,562	0	9

Two new branches of the bank have been opened, at Kilkeel, County Down, and Westport, County Mayo.

The Banking Department of the State of New York has authorized the Guaranty Trust Company to open a new branch office in the Alexandra House, Kingsway, London. This will be the Guaranty's third branch office in London, the others being at 32 Lombard Street, E. C., and 50 Pall Mall. The new office will be near the Strand, in the vicinity of many leading hotels, and also near the offices of the leading American concerns established in London. It will relieve, to a

great extent, the congestion of the company's Lombard street office, and will otherwise increase the service to American customers there. The opening probably will take place in March.

—o—

At the annual meeting of the stockholders of the French American Banking Corporation, held on January 18, at 67 William Street, New York, the following board of directors was elected for the ensuing year:

James S. Alexander, Paul Boyer, Charles G. Du Bois, Paul Duran, F. Abbot Goodhue, Maurice Lewandowski, Edgar Llewellyn, John E. Rovensky, Maurice Silvester,



MAURICE SILVESTER

Retiring President of the French-American Banking Corporation resumes supervision of interests of the Comptoir National d'Escompte de Paris, in the United States.

Stanislas Simon, Gerard Swope and Daniel G. Wing.

Paul Duran was elected president of the Corporation. Maurice Silvester, president since its inception and having gotten the corporation under way, now retires to resume the supervision of the general interests of the Comptoir National d'Escompte



PAUL DURAN

President French-American Banking Corporation,
(New York

Mr. Duran entered the Comptoir National d'Escompte de Paris, London branch, in 1891. From London he went to the Bombay branch (India) in 1900 as accountant, and was manager from 1902 until 1904. From India he went to the Sydney branch in Australia, in the early part of 1904 until 1909. He was in the London branch in 1909 when he was called to the head office in Paris, where after holding several posts he became manager of the foreign department of the Comptoir. In 1920 he was appointed representative of the Comptoir National d'Escompte de Paris, and came to New York in June. Upon the resignation of Mr. Silvester he was elected president of the French American Banking Corporation.

During the War Mr. Duran served in the infantry, and was at the battle of the Marne. He was in the trenches until May, 1915, when he was wounded near Soissons.

de Paris, in the United States. He continues as a member of the board.

Messrs. Duran and Silvester both are well known officials of the Comptoir National d'Escompte de Paris, which together with the National Bank of Commerce in New York and the First National Bank of Boston, own the entire capital stock of the French American Banking Corporation.

Mr. Silvester had his first training in France in the import, export and shipping business with practical experience in Eng-

land, France, South America and the United States. He has lived in America since 1887 and his connection with the Comptoir National d'Escompte de Paris during the past twenty-six years represents a career from the bottom up. Going through all departments, he rose to be cashier, branch manager, and finally became the Paris bank's general representative for the United States and Canada, with headquarters in New York.

The latest statement of the French American Banking Corporation follows:

RESOURCES

Cash on hand and in banks....	\$873,388.65
Due from foreign banks.....	2,361,667.60
Current accounts	1,114,988.98
Investments	1,000.00
Demand loans on collateral...	1,500,000.00
Other loans	20,000.00
Bankers acceptances purchased	1,133,275.68
Other bills purchased.....	6,552.00
Furniture and fixtures.....	6,356.92
Accrued interest, commission and other items receivable..	1,355.60
Customers' liability under ac- ceptances and letters of credit	2,807,510.80
Exchange sold—payment pend- ing	7,708,464.98
Total	\$17,534,560.51

LIABILITIES

Capital	\$2,000,000.00
Surplus	500,000.00
Undivided profits	266,373.49
Certified checks	109,612.81
Current accounts	2,386,259.62
Customers' loans	1,500,000.00
Acceptances	1,943,249.80
Letters of credit and foreign acceptances	1,145,681.00
Exchange bought—payment pending	5,526,638.82
Foreign exchange	2,042,423.07
Reserved for taxes, etc.....	75,709.27
Other liabilities	38,612.63
Total	\$17,534,560.51

bell, assistant secretary, at the company's Paris office.

William T. Sheehan has been appointed manager of the foreign department of the National Bank of Commerce in New York and Ernest Schneider has been appointed an assistant manager. Mr. Sheehan joined the bank eleven years ago, beginning as a messenger. In 1917 he was made chief clerk of the foreign department. After serving in the army during the war, he returned to the bank and was made assistant manager of the foreign department a little more than a year ago. Mr. Schneider, who came to the bank in 1912, also started as a messenger. He was made an assistant auditor in 1917 and assigned to the foreign department last February.

Brown Brothers & Company, of New York have received a cable from their correspondents, the Skandinaviska Kreditaktiebolaget of Stockholm, to the effect that the net profits of this institution in 1920 were 36,194,666 crowns after provisions for bad and doubtful debts and writing down of securities. The board of directors proposes to distribute the same dividend as in 1919, namely 21.13 per cent. The sum of 12,000,000 crowns was set aside for taxes, 5,000,000 crowns added to special reserve fund and 3,893,950 crowns brought forward. The present capital and surplus of the Skandinaviska Kreditaktiebolaget amount to 182,000,000 Swedish crowns.

The report of the directors of the London and River Plate Bank, Limited, made December 21, shows the bank in a strong position. Gross profits were £175,000 higher than for the preceding year and available profits were £25,000 more. A dividend of 9 per cent. was declared, which added to the 6 per cent. interim dividend paid in June, makes the year's dividend distribution 15 per cent. J. W. Beaumont Pease, chairman of the meeting, made a report on a recent tour of the bank's offices in South America. He declared the trade opportunities in the southern continent were enormous.

J. Wesley Conn, formerly assistant manager of the Paris office, and Peter Solari, formerly assistant manager of the Constantinople office, have been appointed joint-managers of the Constantinople office of the Guaranty Trust Company of New York. Pierre P. Pasteur has been appointed assistant manager, and Joshua G. B. Camp-

The directors of Lloyds Bank, Limited, announce that, after payment of salaries, pensions, staff special bonuses and allowances, other charges and expenses, and the

annual contribution to the provident and insurance fund, and making full provision for rebate, income tax, corporation profits tax, bad debts and contingencies, the available profit for the past year is £3,237,742. To this has to be added £505,420 brought forward from the previous year, making a total of £3,743,162.

Out of this total, an interim dividend of 1s 8d per share, being at the rate of 16 $\frac{2}{3}$ per cent. per annum, and amounting, less income tax, to £824,593, was paid for the half-year ended June 30 last; £250,000 has been written off the bank premises account;

£1,250,000 has been placed to the special contingency account for writing down the bank's investments; and £50,000 has been allocated to the staff widows and orphans' fund.

After making these appropriations, there is a balance of £1,368,569 remaining, and the directors have decided to recommend to the shareholders at the ensuing general meeting that a dividend at the same rate, amounting, less income tax, to £824,705, be paid for the last half-year, leaving £543,864 to be carried forward to the profit and loss account of the current year.



The Building Situation in Shanghai

THE BANKERS MAGAZINE is indebted to the Shanghai representative of Alfred C. Bossom, the New York bank building specialist, for the following account of the building situation in Shanghai. Mr. Bossom has re-

cently opened an office in Shanghai in charge of A. Cunningham Tweedie, who writes as follows:

The housing question has during recent years become very acute over the whole world, and Shanghai has not proved any exception, a tremendous lack of both residential and business housing accommodation being felt here, and this situation is with every succeeding month becoming more acute, the existing building societies not being able to cope with even the natural increase in the population and the rapid development of the town.

There is an entire lack of efficiency in the whole of the organization of what building societies exist; indeed, Shanghai has not even any society which has as its object the granting of credit for building purposes. Two local companies, the Credit Francais and the China Realty, are granting small loans against 9 per cent. yearly interest without amortization. Private credit is calling for interest of from 12 to 20 per cent., and in general this whole business has a casual character.

At least three-quarters of the central district of the town is taken up by low two-storied ramshackle buildings owned and occupied by Chinese.

Taking into consideration the high prices asked for rents and land, it is undoubtedly the case that the construction of large modern houses in place of these buildings would prove of great economical advantage to the owners.

The erection of houses with shops and offices in this central district is already demanded with increasing strength, and the Chinese merchants seem to realize the situation and consequently their tendency is to



ALFRED C. BOSSOM

replace the existing structures with modern European or at least semi-European buildings. Apropos of this, it should be remembered that the requirements of the Chinese, varying as they do from the more or less conventional ideas of the Europeans, have to be complied with or gradual improvements suggested as a compromise to age-established ideas. This of course can only be done by consultation on the spot.

The foreign settlements in Shanghai occupy a large area in the western part of the concession, have good asphalt roads and are well served by an excellent electric tramway system.

Most of the European population live in detached and semi-detached houses surrounded by gardens, the average price of which, house and ground, is about twenty thousand taels—or about eighteen thousand dollars gold, at the present rate of exchange.

The two local building societies are mostly engaged in the construction of such houses which roughly cost them from fifteen to twenty thousand taels and which find ready buyers at from twenty-five to thirty thousand taels.

Such houses are constructed in about five months, the building season in Shanghai being all the year round.

The great proportion of the residences here are constructed of bricks and also concrete, while large houses and office buildings are of the usual reinforced concrete, the drawings and designs for these being mostly obtained from the United States and Great Britain, for there is a great lack of local technical men.

Building Materials. Bricks, limestone, stone, sand and cement are to be found locally in sufficient quantities and at low

cost, bricks being quoted, delivered, at from nine to ten taels per thousand.

Labor. This is very cheap, about a third the cost in Europe, and moreover, is entirely satisfactory.

Note.—Iron and steel pipes, heating appliances, etc., all have to be imported from abroad, this fact probably constituting one of the chief reasons why so many of the residences are constructed without central heating appliances.

All the Shanghai construction that is undertaken by local building societies is handed over to and executed by Chinese contractors. This gives the advantage to the societies of not having to deal direct with the laborers.

It may be added for information that there are many such Chinese labor contractors in Shanghai.

Summing up, building activity in Shanghai is mainly handicapped by the absence of financial companies—for it is impossible to build houses when money has to be paid for at the rate of twelve per cent. or over—and by the general lack of technically efficient men.

Taking into consideration the abundance of cheap and efficient labor, the low cost of primary materials and the fact of the unlimited building season, coupled with the enormous demand for housing, shop, and office accommodation, Shanghai offers a vast field for building enterprise, more especially as during recent months the general tendency on the part of the Chinese has been and continues to be toward the more modern and businesslike types of construction; taking all this into consideration then, there is no reason why very definite success would not crown any properly organized efforts to take advantage of the present needs.



The Place of the Investment Banker in Today's Crisis

Address delivered by Perry B. Strassburger, manager, securities department of the American Express Company, before the Bond Men's Club, Philadelphia.

AS a representative of a long-established international institution that has recently entered the securities field, not alone for the profit to be directly derived from its participation in that business, but to some extent, at least, to insure and stabilize its business in other international operations in which it has been a prominent factor for years, I believe I have a message for the investment bankers. For to me it seems

that to some measure, at least, the burden of proof in bringing order out of the chaos that exists throughout the world to-day rests upon the investment dealers of America. The war has taught us that our limitations are not so great as we thought them. It has shown us a potential market that before the war was an idea but that during the war became a reality. We know to-day from the economic development of the past two years that the need for developing our market is as great in many respects as it was during the war itself. Our duty therefore it clearly outlined;

the path that we must follow has never been so well defined.

Here we were, a debtor nation, owing to investors in foreign countries a sum which is generally recognized to have been around five billion dollars. Every year our railroads and industrials had to go to Europe to obtain funds for essential developments. The American investors were limited to about 300,000 and the capacity for absorbing securities averaged under two billion dollars a year for the five years prior to 1914.

The period from 1915 to 1917 when the United States officially entered the war was, as we all know, one of the most remarkable in the history of our country. It disclosed a producing capacity far beyond the conception of any of our leaders. During that period we repurchased from Europe practically all of our debt in her hands; we took from her all the gold she could spare, and we loaned her sums of money that were unprecedented in international finance. The successful floating of these loans in the United States was due in a large measure to the efforts of the investment bankers of America. When the United States entered the war, the resources of the allies in so far as their purchasing power of our goods was concerned, were practically exhausted. The government of the United States came to their rescue and placed ten billion dollars to their credit. This sum was practically used up by May 1919 and since then no further loans have been made. The trade balance in our favor, however, since the armistice has been considerably greater than the loans made by the government to the allies in that period and it has been estimated that the bankers of the United States have extended commercial credits amounting to three billion five hundred million dollars to finance purchases by foreign countries. The amount of foreign loans floated in the United States, including government, state and municipal issues and loans to private corporations in the same period in which this three and a half billion dollar credit

has been granted, amounted to about \$700,000,000.

One of the unfavorable factors of the present situation is the large outstanding credits in our banks to European buyers. Not that these credits in themselves constitute an unfavorable factor, but the fact that it has been necessary for our banks to advance such open credits, when this financing should have been done through long-term bond issues is decidedly unfavorable and we are now paying for this condition by a rapid decline in prices and chaotic conditions in the business world in general.

The condition to-day that confronts us is one that in many respects is ridiculous. Here we are, the richest nation in the world, with a producing capacity far beyond our own requirements. Our money is at a premium in almost every country in the world. We have the goods to sell to Europe and we have the market for those goods in countries where the need is almost desperate, and yet to-day factories all over the country are forced to close their doors entirely or else to reduce their production very materially. Our prosperity that came to us as a result of European buying during the war and the eighteen months following the armistice is apparently a thing of the past. And yet again it is the bankers who are taking the lead and who recently organized in Chicago a corporation to finance foreign trade.

I wonder how many investment bankers in the United States have analyzed the condition that exists to-day and the relation of this new corporation organized under the provisions of the Edge Act to that condition? It is the purpose of this new corporation to finance foreign trade and to issue against the paper it purchases, debentures for sale to the American people. I wonder how many of you have thought of the market that must be developed by this corporation for its debentures? Will the investment bankers in America be able to distribute these debentures and if not, how will they be distributed?

Banking and Financial Industry

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

H. M. Webster & Company

Public Accountants - Auditors - Production Engineers

SPECIAL DEPARTMENTS:

**Bank and Foreign Exchange - Audits and Systems
Income Tax**

**23 West 43rd Street
New York City**

Southern Bldg.
Washington, D. C.

82 State Street
Albany, N. Y.

THE audits we perform for banks are marked by the thoroughness which comes only from long experience and by the exactness which results from knowing how. We also install complete accounting systems for banks, trust companies and foreign exchange departments.

New York Telephone—Vanderbilt 1908

When You Build That New Home for Your Bank

You will require the services of a competent bank architect and equipment engineer who can provide you with a distinctively modern building, with first class equipment throughout and absolute security in vault work. Convincing evidence that we furnish complete service of this character is shown in the new building of the First National Bank, Jersey City, illustrated and described in this issue, and the following well-known bank buildings:

Hibernia Bank & Trust Company, New Orleans, La.
Seaboard National Bank, New York
National Bank of Commerce, New York
Asia Banking Corporation, New York
Mercantile Trust Company, New York
American Exchange National Bank, Dallas, Texas
Charlotte National Bank, Charlotte, N. C.
Greenwich Trust Company, Greenwich, Conn.
Colonial Trust Company, Philadelphia, Pa.
Titusville Trust Company, Titusville, Pa.
First National Bank, Richmond, Va.
Virginia Trust Company, Richmond, Va.
Planters National Bank, Richmond, Va.
Lynchburg National Bank, Lynchburg, Va.

We shall be pleased to make suggestions regarding the most efficient and economical methods of meeting your requirements without obligation on your part.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Externally an effort has been made to keep simple and dignified lines, consistent with the bank's business policy

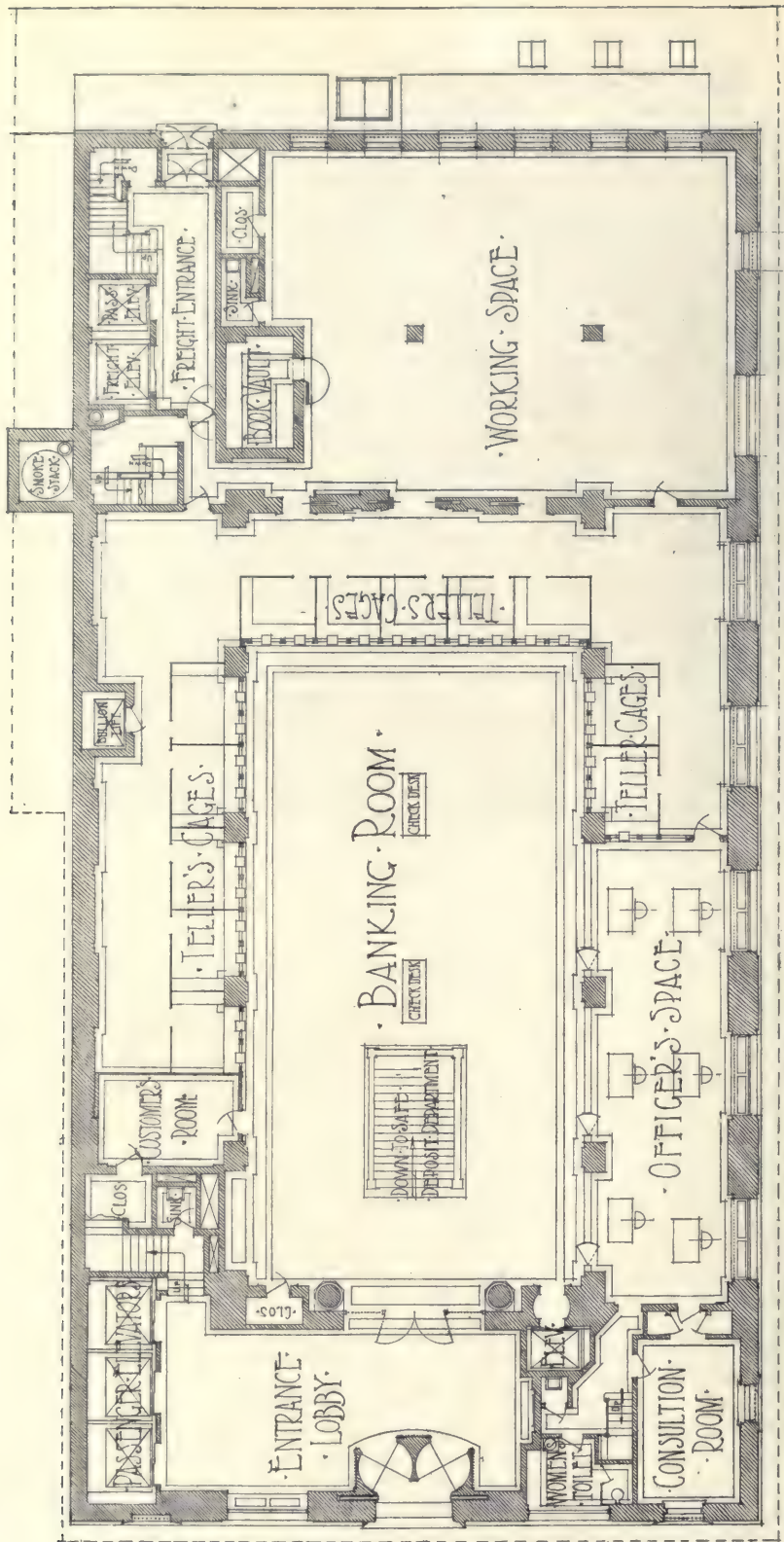
First National Bank, Jersey City

JERSEY CITY will have in its new First National Bank a structure that will compare favorably with any of the existing banking houses in the metropolitan district of New York. Occupying the site facing Exchange Place, York and Hudson Streets, it has permanent light and air on all three sides. It is ten stories high and is nearer to the heart of Wall Street by the Hudson River tubes than ninety-five per cent. of the banks located in New York City, and when the bridges are added to the tubes that now go under the river it will make it still more desirable from a New York standpoint.

Externally, the building is very simple in treatment, but the most permanent of materials have been adopted. Granite for the lower section of the

building, hard pressed brick for the main shaft with granite terra cotta forming the crowning treatment.

The entire ground floor is given up to the banking quarters entered from the level of Exchange Place. This entrance is backed in a very neat manner by a black and gold marble vestibule, a feature quite new and different from anything that has been attempted in this part of the country, but at the same time it will be open so that everyone passing into the elevator lobby will see into the bank. Within the bank there will be a large officers' space with consultation room, twelve cages for tellers, a handsome and monumental marble staircase leading down to the safe deposit vaults and storage departments, and another very conven-



Floor plan of Main Banking Room of the First National Bank of Jersey City, New Jersey, designed by Alfred C. Bosson



Governor E. I. Edwards is here shown spreading mortar under the corner stone

ient stair leading up to the directors' room, which will be over the entrance vestibule and general business rooms. There is a private elevator provided which will be suitable for the directors to go up to this business or corporation room on the front mezzanine and to go down to the safe deposit department in the basement, and to the storage vault department in the second security basement.

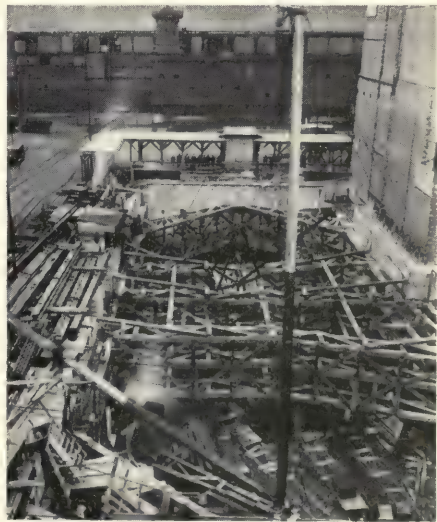
Back of the tellers is located a bullion lift which communicates with the vault located in the basement.

Both clerks' and private dining rooms are provided with all the conveniences for both sexes immediately in connection with the working floors. No effort has been spared to make the employees as comfortable as they possibly can be made.

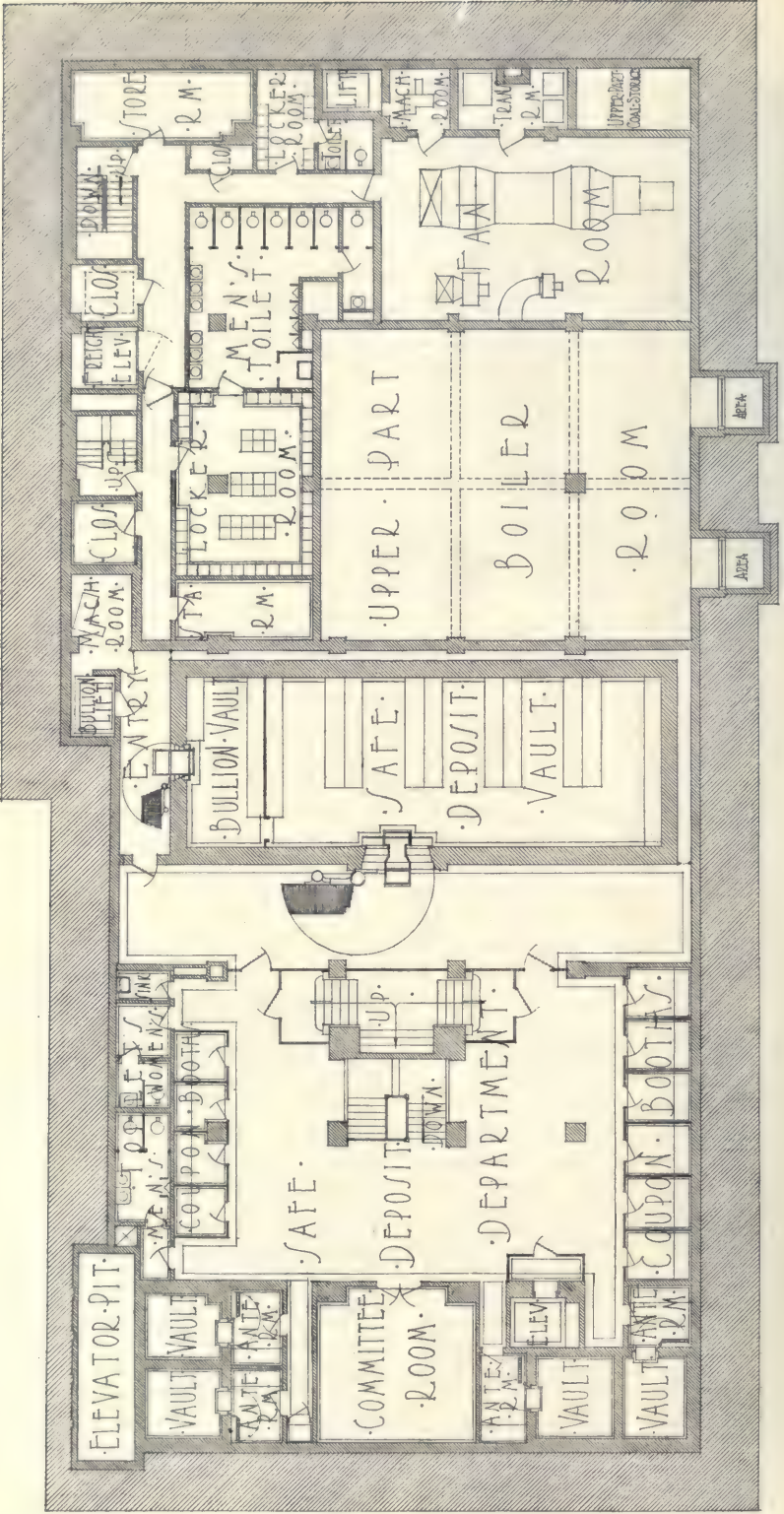
The main safe deposit department in the basement is approximately 24 feet wide by 60 feet long, and is divided into two sections, the one for the bullion vault and the other for the safe deposit vault. The door and vestibule to this bullion vault weighs forty tons. The bullion vault is approximately 20 feet by 10 feet and has thirty individual safes within it, being all

complete with an emergency door. The door to the safe deposit department section of this vault is 30 inches thick, weighs ninety tons, and has an outside diameter of 106 inches. The safe deposit vault contains about three thousand boxes varying from large safes to small accommodations such as would be required by the possessor of one or two Liberty bonds.

Mechanical ventilation circulates fresh air throughout these vaults so as to make them perfectly desirable places to which customers can come and conduct their security vault business. Telephones and continually burning lights afford a protection for anyone should they by accident be locked within the vault. Not only is there a very heavy steel lining, but the walls are encased in an 18-inch thickness of reinforced hydrocrete made of concrete and glass slag in which are imbedded chrome steel bars 3 inches apart, both vertically and horizontally. Both the ceiling and the floor have very heavy I-beams inserted in the concrete in addition to the chrome bars so that should there be any accident or an earthquake



In the excavation, there is the unique feature of running small trains below the level of the Hudson River, as illustrated in this view



Plan of First Basement showing Safe Deposit Department and Vaults



The entrance vestibule will be treated with black and gold in a manner quite unique in the Metropolitan district

causing the building to collapse in any way it could not crush this vault.

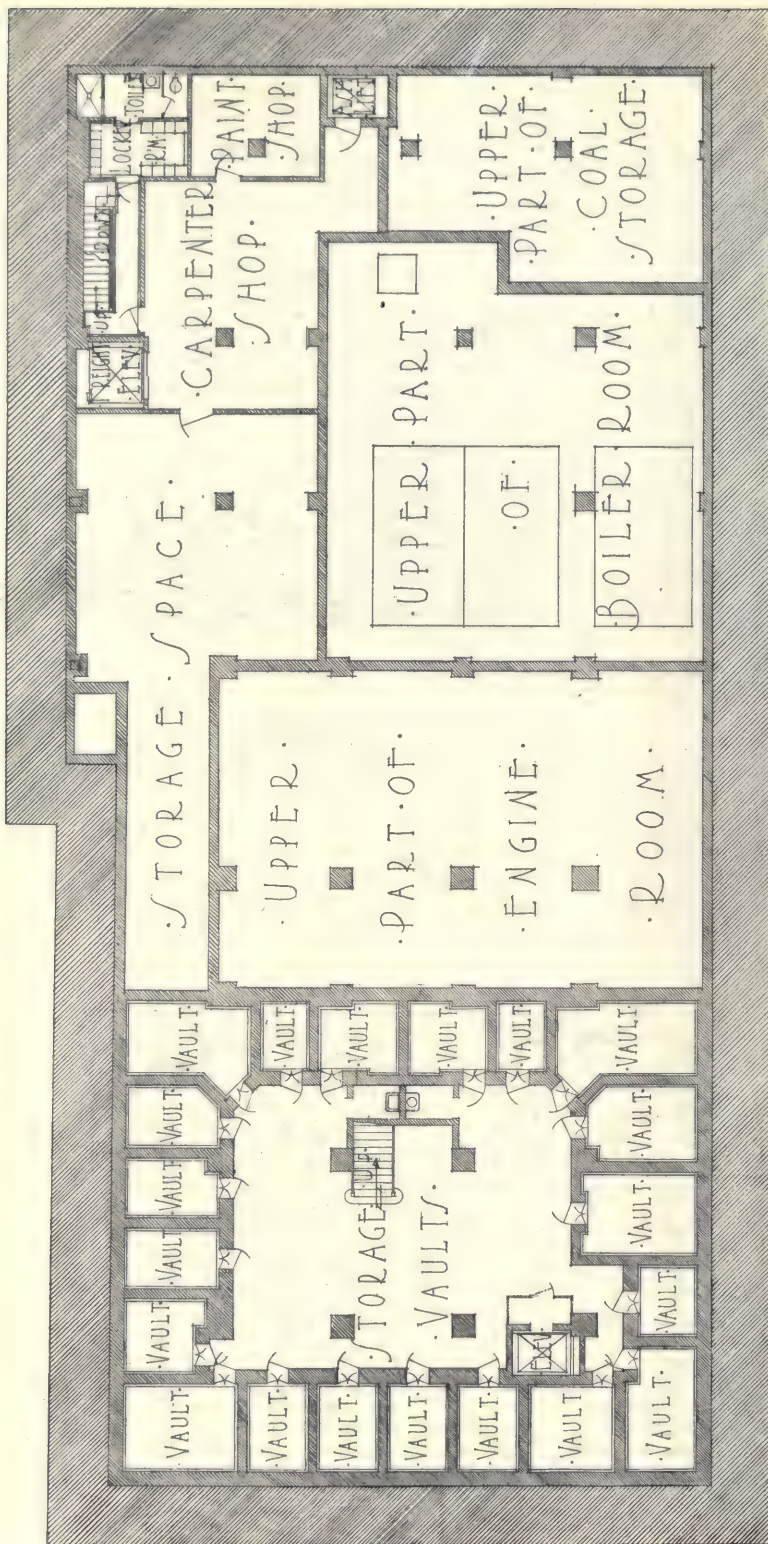
The very latest forms of electric protection entirely go around all the vault space. The insert of stairs makes the vault accessible to the first floor and the elevator will carry down customers to this department which is equipped not

only with a large number of coupon booths, but also four corporation or private vaults, each with their own private ante-rooms with telephones and forced ventilation. There are also committee rooms with every convenience that the customers may need.

Below this floor again there are



The interior of the banking room, while severe, will have a spacious airiness with ample sunlight and all the facilities for conducting banking operations on the largest scale and with the utmost convenience

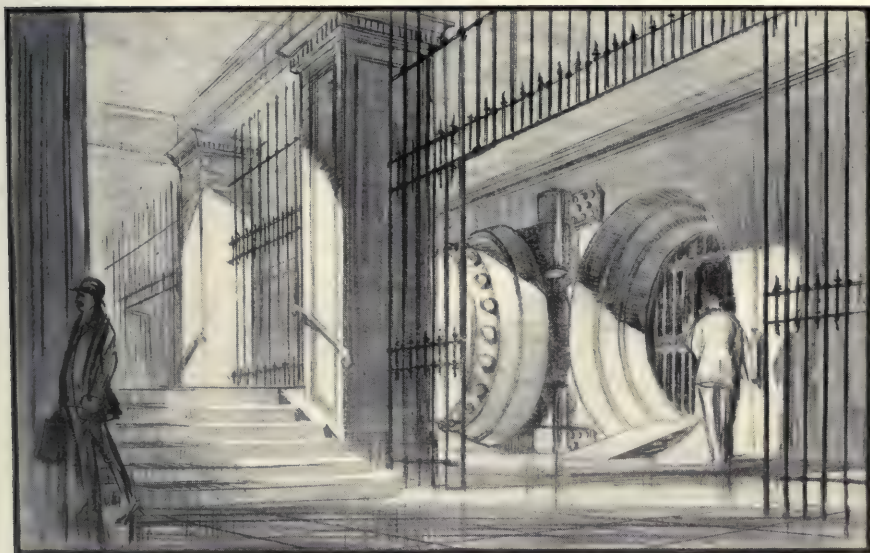


Sub-Basement showing Private, Individual Storage Vaults

twenty private individual vaults covering from fifty to a hundred and fifty square feet of floor area. These are equipped with every form of protection and are made entirely suitable for large corporations. They have all been worked out with every convenience so that when this equipment is finished there will be no other bank in the metropolitan area which will be more perfect and complete. In spite of the ab-

normal high cost of building the bank has not in any way spared purchasing the very best protection that the ingenuity of engineers can devise and it is safe to say it is as nearly burglar, mob and fireproof as any bank in this country.

This building was designed and is being constructed and equipped by Alfred C. Bossom, New York.



The vault equipment will introduce into the Metropolitan district a completeness of accommodation that does not exist anywhere today

I SHOULD be unfair to the institution I represent, as well as to those represented by you, if I did not at the outset make full acknowledgement of the very great aid that has been given by bankers to agriculture in hundreds of communities and in scores of great areas where a particular type of farming industry required financial help. Many times the bankers have been among the first to see the vision of their possibilities and have been steadfast to the end in financing their development. They have shown a commendable interest in agriculture and an appreciation of its relation to all business.—*Edwin T. Meredith, Secretary of Agriculture, address before Annual Convention of American Bankers Association at Washington.*



18 $\frac{1}{4}$ BILLIONS

CLEVELAND'S total banking transactions for the year 1920 amounted to \$18,225,000,000. Of this total the banks which have consolidated into The Union Trust Company handled 70%.

This expresses forcefully our relation to Cleveland's business activity and our ability to serve you and your customers in any business transacted in this rich community.

What can we do for you now?

The Union Trust Company *Cleveland*

In Which Are United

THE CITIZENS SAVINGS AND TRUST COMPANY
THE FIRST NATIONAL BANK
UNION COMMERCE NATIONAL BANK
THE FIRST TRUST AND SAVINGS COMPANY
THE BROADWAY SAVINGS AND TRUST COMPANY
THE WOODLAND AVENUE SAVINGS
AND TRUST COMPANY

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

THE first definite signs of business revival are beginning to appear," says the Mechanics and Metals National Bank of New York, but hastens to add: "These signs forecast revival; they do not mean that it is actually here." This opinion is shared by the City National Bank of Tuscaloosa, Ala., which says in a letter on general business conditions: "The nation is getting back to the old-time basis of an honest day's work for an honest day's pay and great benefits are coming from the abandonment of extravagant methods of living and doing business."

The Mechanics and Metals says:

Stock market prices have been rising; the prices of great agricultural staples have recovered from their lowest levels of a few weeks ago; conditions in the money markets are less stringent; foreign exchange rates have recovered sharply; textile mills which had closed or been inactive are slowly resuming work.

These signs forecast revival; they do not mean that it is actually here. Stock market movements usually precede actual industrial conditions by several months. The decline in security values which foreshadowed the present depression continued almost without interruption throughout 1920, and actually began in November, 1919. Money is not yet definitely easier; and just as recent high rates in the money market continued for some months before affecting business, so lower rates, if they come, are likely to be in effect for a time before re-

newed borrowing and expansion are sufficiently encouraged. The rise in the pound sterling in two months from \$3.32 to \$3.89, and the recovery in exchange generally, should prove a decided aid to our export sales, particularly as the decline in commodity price levels has been even greater in this country in recent months than in Europe. But neither is this likely to make itself felt immediately. The astonishingly large export figures in the last months of 1920, in view of world conditions, are probably to be explained, at least in part, by the fact that goods going forward represented the filling of orders placed some time previously. Finally, the mills now resuming operations are mainly in the lines which were first to suffer by the present slump, while in trades which did not begin to be affected until recently, further declines in prices or activity are widely looked for.

COST OF LIVING

The American Exchange National Bank of New York notes a serious discrepancy between wholesale and retail prices and states:

Despite the wage adjustments, unemployment and severe declines in prices in the primary commodity markets which have materially reduced the purchasing power of the farmer, no important reflection of the change in conditions is yet to be seen in the cost of living or retail price of commodities. Adjustments have been carried out in the clothing and allied trades, but the cost of living or retail price index shows a decrease of less than 10 per cent. from the highest prices reached. Wholesale prices, on the other hand, show a drop from the top of about 35 per cent. This condition

presents a serious phase of the situation and indicates either a shortage of goods in the hands of the retailer or a deplorable ignorance on the part of the retailer of the probable consequences of his attitude.

NO TIME FOR PRICE ADVANCES

A word of timely warning is voiced in the following from the *W. J. Wollman & Co. Review*:

If the budding optimism which made its appearance with the turn of the year is to be permitted to develop the promise which is hoped for, it would be well for producers and the distributors to bear firmly in mind that this is not the proper time for price advances. The country has had enough of profits and profiteering. It has seen a moderate turnover result in fabulous aggregate rewards. It has seen moderate shipments make a dazzling return as a result of their enormous money value.

The only country in the world that is able to pay high prices at present is the United States, and its people are in no mood to do so. Those who have been getting profits should look further into the future. What industry and business in general need at this time is increased volume of production and distribution. Volume means activity. It means that people are busy, that employment is full, that prices are stable, that the railroads are getting and moving tonnage; in other words, that a healthy business is going on.

Profits, at least profits of the character witnessed in the last year or so, do not necessarily mean prosperity. We have seen in only too many instances that they represented extortion or gouging. The actual volume of business upon which the profits were based might be one-third of that done in normal times, thus meaning that the prices paid were the result of an unhealthy scarcity demand instead of being a response to normal requirements under normal supply conditions.

HEAVY LOSSES IN 1920

The National City Bank of New York reports that heavy losses were sustained by business concerns during 1920. The bank states in its February letter:

Only the fortunate or sagacious few who began to trim their sails early in the year, and deliberately restricted their business, escaped. Some made good profits in the first six or nine months and lost most of them in the last three months, while many have come out of the year not only without a return upon the investment, but with an impairment of capital. Official price regulation, which curtailed profits while prices

were rising, and prevented the creation of a cushion to absorb the losses while prices were falling, is held largely responsible for the dissipation of capital. Heavy taxation of course had a similar effect. Nevertheless, the leading business concerns of the country had been building up reserves for years in conservative fashion, and the proportion of important houses that have failed or been seriously embarrassed has been smaller than in any previous crisis approaching this one in gravity. This is a very reassuring circumstance and promises well for recovery.

NO NEED FOR DISCOURAGEMENT

The American National Bank of San Francisco takes the following optimistic view of the general situation:

There is no occasion for discouragement, so far as America is concerned. The resources of the country are so great, and the machinery of production so well organized, that all legitimate wants can be supplied, leaving a substantial margin with which to supply the needs of other nations which have something to give us in exchange. The vital elements of prosperity, raw material, capital and labor, are all available in the United States, and it is unthinkable that a temporary depression of markets should do more than cause a momentary halt in the nation's progress.

SEES REVIVAL BY EARLY SUMMER

Lewis G. Harriman, vice-president of the Fidelity Trust Company of Buffalo, made the following statement in a recent address before the Forum of the A. I. B.:

Evidences are accumulating in various lines of business to show a reasonable pick-up by early summer. Although this may be gradual and may prove disappointing in extent and no general wave of great prosperity be experienced throughout the country for a considerable period, I believe we are very near, if not quite at, the bottom of industrial depression, that we are pretty surely going to avoid anything in the nature of acute financial distress and in two or three years we are very likely to begin a great wave of prosperity as demand becomes normal, production costs are reduced, and when we are, in general, ready to take full advantage of the strength of our banking system, the financial resources of our industries and our great wealth of raw materials and minerals.

THE RETAILER'S POSITION

The Garfield National Bank of New York has the following to say in its

Guardianship & Safety

IN the early days of The Chemical Bank—before the time of adequate vaults and efficient policing—it was the custom of the cashier to sleep in chambers directly above the banking room so that he might personally guard the funds of the bank's depositors night and day.

This same spirit of vigilant guardianship coupled with farsighted cooperation and modern banking methods are the cornerstones of this Bank's policy today.

We are seeking new business on our record.

THE CHEMICAL NATIONAL BANK

OF NEW YORK

business review as to the position of the retailer:

Apparently, the retailer through the year has done little more than keep even with heavy deliveries to him. That the net decrease in stocks has not been greater is, however, not cause for discouragement. On the contrary, it is distinctly encouraging that the retailer's heavy commitments were so readily absorbed without congestion. At present, his outstanding orders are decidedly limited. Notwithstanding reduced wages, so-called buyers' strikes, and increased unemployment, the buying power of the consumer has shown no serious curtailment. The statistical position of the retail trade is good, but apparently there is not yet a shortage of goods, so that for the immediate future a continuation of cautious buying seems likely.

FURTHER ADJUSTMENT NECESSARY

The Penn National Bank of Philadelphia in a recent bulletin says:

For months immediately ahead, it would be natural to expect business to continue to move cautiously, and some further adjustments are likely. Progress, however,

will be governed by the extent to which everyone is willing to bear his share in the burden of readjustment. Prices have had a heavy fall, but the most serious obstacle to business resumption has been their unequal fall. A large part of the population has suffered a reduction in income without a corresponding decline in the price of many commodities it must buy. The prime requisite is the reestablishment of a normal balance in prices, either—or both—by an advance in those commodities that have been unduly depressed, or by a further decline in commodities that many not yet have completed their adjustment. Whenever this condition of balance is reached, as a result of a general abandonment of the idea that anyone can continue to exact high prices for his own products and at the same time pay less for the products of others, business will show permanent improvement. Until then, some industries which may have most completely discounted everything may show recovering tendencies, but such movements cannot make large progress.

TAXATION PROBLEMS

Opinion seems unanimous that important changes should be made in the taxation program of the national gov-

ernment. Various plans are proposed, among them a tax on turnover which according to William C. Cornwell, editor of *The Bache Review*, would work something as follows:

Once a month everyone who had made any sales would figure up the gross amount of such sales, and if they exceeded \$500 for that month, he would make out a check for one per cent. of the amount and send it along to the local collector, with an affidavit as to the gross amount sold. If his sales amounted to less than \$500 for that month, he would not send the check, but would forward a statement of the volume of the sales. At the end of the twelfth month, in addition to his monthly check, he would send in a statement showing the aggregate of his transactions for the year, with a check for the amount of any under-payment or a claim for a refund if he should have over-paid, as it might turn out that some persons had paid on a monthly transaction of over \$500 but who had not sold the gross amount of \$6,000 per year, which would be the smallest amount on which a tax could be claimed.

The advantages of such a tax Mr. Cornwell outlines as follows:

Fewer objections have been raised to it than to any other known tax, and these objections are gradually dwindling away. No tax has such strong arguments in favor of it. Let me recite, in conclusion, a few of them:

It meets all the objections which now make the present system intolerable.

It is simple and easily understood, while the present system is distressingly complicated.

The collection of the tax is automatic and undisturbing.

The distribution of the burden is just; it falls like the rain. Those who consume the most and spend the most, pay the most taxes.

It will produce all the moneys needed. Present tax returns are disappearing as profits decline in business.

It goes on undisturbed by the swing from good time to hard times and back again. The variation in the spending of the people in either kind of period is not sufficient to seriously affect the tax returns.

It will not increase prices except to a very small percentage—an average of two to three per cent. Now prices are boosted (or have been) by the Excess Profits tax to an average of over 23 per cent. from present levels; therefore this tax will largely reduce prices.

Its effect upon business and the individual will be marvelous. There will be an incentive to save money for future business extension, as the tax collector cannot get it;

and for the same reason it will wake up enterprise, competition and individual achievement. All these are being strangled to death under the present law.

Capital will no longer rush to cover under tax-exempt securities, which it is now doing to the extent of some \$600,000,000 at least, every year, where the recipients of this amount of income have sold all that they had and bought tax-free municipals. Much of this amount of yearly income will then be released for the industries of the country, instead of encouraging expenditures for extravagant or useless community improvements.

Extravagant spendings in carrying on business, now taking place because otherwise the Government would get the money, would cease, and old-fashioned business economy would again thrive. Enormous expenditures by the Government tax bureaus, including salaries of hundreds of thousands of employees (thus made unnecessary) would be stopped almost instantly, and these savings to the Government should reduce the budget.

The Philippines' experience is a shining example of the successful operation of the Sales Tax, and France and Canada contribute further forcible and favorable illustrations of its sound workings.

The tax load would be spread equally over the whole population, and would be borne without a hitch and without a murmur, because it would be passed along to millions of consumers who would pay the tax, nobody knowing it and nobody feeling it.

The taxpayer, harassed now with problems of what the ultimate tax will be, would not have to wait a year to find out under the Turnover Tax. He would know every day what his tax for that day was.

No tax ever invented is free from every objection, but the Tax on Gross Sales is nearer perfection than any other. It is simpler in operation, less expensive to calculate, works more smoothly, yields larger revenues, and bears less heavily upon every individual than any existing method.

If adopted, it will free America from the worst and most destructive operation which the Government has ever imposed upon its citizens. Whether or not this great boon in legislative taxation is ever enacted for the benefit of America depends upon the individual efforts of thinking American citizens, who have it in their power to impress upon Congress the necessity of dropping political expediency in this one matter at least, and acting in the unselfish interest of the whole country.

THE INDIRECT TAX

Dr. Henry A. E. Chandler, economist of the National Bank of Commerce in New York, urges a return to a policy of greater dependence upon indirect



Co-operation in Banking

FOR a period of thirty-eight years The Seaboard National Bank has been co-operating with merchants and manufacturers by assisting and advising them regarding financial matters.

By practical co-operation we have endeavored to render during this period a real banking service that would meet the particular requirements of every depositor.

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The Seaboard National Bank of the City of New York

Total Resources over Seventy-one Million Dollars

taxation and especially advocates a tax of three-tenths of one per cent. on commodity sales. He says:

By reference to the chief authorities upon public finance, including Henry C. Adams and Seligman in the United States, Bastable, Leroy-Deaulieu, Pierson and Cassel in Europe, we find almost unanimous opinion that a sound fiscal system must rest, not predominantly, but largely, upon indirect taxes. Moreover, all principal modern governments have found it necessary to rely largely upon indirect sources.

Even in pre-war normal years eminent economists and financiers have pointed out the danger of attempting to rely too heavily upon direct sources. Such a policy tends not only to impede business, to discourage needed capital investment and to reduce the national income, but also to lessen the productivity of the worker and to lower the standard of living. If carried to an extreme, such a policy does most harm to the very people that it is designed to help: the working class. That the productivity and hence the real wages of the working classes rise with the per unit increase of capital and fall with the per unit decrease of capital is generally recognized by the ablest writers upon economics. All recognize that the an-

nual income must decrease if the capital equipment becomes impaired.

In general, indirect taxes are largely paid out of consumption and most forms of direct taxes utilized by our Federal Government are paid out of potential or actual capital savings. Extraordinarily heavy direct taxes, especially those upon business units and individuals belonging to the saving class, operate to diminish the flow of new capital into industry.

TAXATION BASED ON NORMAL CONDITIONS

Charles H. Sabin, president of the Guaranty Trust Company of New York, recently stated:

The experiences which 1920 afforded in public finances should have taught our legislators that a taxing system based on temporary and abnormal conditions cannot justly be continued when those conditions have passed. An excess profits tax, for instance, will be adequately productive only so long as there are sufficient excess profits to tax, otherwise it must inevitably and rightly fail. France is learning, if we are not, that a tax which is dependent largely on the continuance of high prices is unscientific, for rational attempts toward a resump-

tion of normal conditions and lower prices automatically act as checks on revenues.

RAILROAD EARNINGS

Railroad earnings for November were disappointing. On this subject the Guaranty Trust Company of New York says:

Reports from 200 railroads with a total mileage of 229,754 show a net railway operating income for November of \$57,741,937, or 41.8 per cent. below the amount which it was estimated would be earned under the increased rates fixed last August. The Association of Railway Executives figures that "upon the basis of this operating income the carriers would earn annually approximately $3\frac{1}{2}$ per cent. on the value of their properties as tentatively fixed for rate making purposes by the commission. This is 1.1 per cent. below that estimated on the basis of October earnings. To have realized a return of 6 per cent. on their valuation as provided by the Transportation Act, the railroads should have earned \$99,286,000 as their November quota. Total operating revenues for November were \$568,697,087, or an increase of 34.6 per cent. over those for the same month last year, which, however, was marked by the coal strike. Total operating expenses were \$485,466,885, or an increase of 29.2 per cent. compared with the same previous month." For the three months of September, October and November net railway operating income totalled \$219,507,735. To have earned 6 per cent. on their tentative valuation, the net operating income during that period should have been \$320,957,000.

The National City Bank of Chicago takes an optimistic view of the situation, however, and says:

The railroads are really in a very comfortable position, notwithstanding the disappointing showing of November net earnings, which was due chiefly to the extraordinarily high maintenance outlays by various systems. As compared with a normal average ratio of 27 per cent. of gross earnings, which according to experts should be utilized by these roads for maintenance, the Atchison, the Baltimore and Ohio, the Chesapeake and Ohio, the Rock Island and the Missouri Pacific used 40 per cent. or more of their November gross earnings in this manner. Even the New York Central used about 38 per cent. Inasmuch as these heavy outlays have now been made, it is reasonable to look for a favorable change in net earnings immediately. It appears that railroads operating more than 235,000 miles earned net in November (above expenses but not above taxes) \$85,778,000, as against \$48,244,000 in the same month of 1919. This increase of

more than 77 per cent. is suggestive of the much better showing that the roads will make when they are no longer exposed to such heavy maintenance appropriations. It is significant, too, that in November the roads developed remarkable efficiency, establishing a new record for the average load carried by each loaded freight car. This was $30\frac{1}{2}$ tons, which was $\frac{2}{5}$ of a ton greater than that shown the previous month. Inasmuch as this showing was made in a month of declining traffic, it is apparent that decreased tonnage has not resulted in a let-up in efficiency. The outlook for the railroads is very encouraging, and from the progress made since the increased rates became effective there are apparently good grounds for expecting much greater prosperity from the nation's second greatest industry.

NOT OVER-PRODUCTION BUT UNDER-CONSUMPTION

"The curtailment of production which inevitably accompanies such industrial readjustments as we are now experiencing will finally prove its own corrective," says Francis H. Sisson, vice-president of the Guaranty Trust Company, who adds:

We are not in the throes of over-production, but merely temporary under-consumption. And it is significant, in this connection, to note that when goods are offered for sale at retail prices which the public believes to be fairly commensurate with prevailing wholesale prices and costs of production they are eagerly bought. Despite the materially lessened purchasing power in agricultural sections, occasioned by the precipitate decline in the price of farm products, and in certain industrial sections, because of closed plants or the part-time operation of factories and reductions in wages, there is still a tremendous buying power in the United States and always will be. When purchasing is resumed on a large scale it will be all the keener by reason of the delay and the deficits in present commodity stocks. Thus, the existing situation is even now devising its own corrective, and the pendulum of business activity which has now swung to the two extremes of its arc is already returning to the mean of that arc. As a consequence of this movement, those commodity prices that have sagged too low will rectify themselves while the prices that have soared too high will reach their true level. And wages, which should not be considered in the light of money values but rather in that of purchasing power, will be more equitably adjusted on a sounder economic basis than at present—which will be as beneficial to labor, in the end, as to the whole business community. Wages cannot be sustained on an uneconomic basis any

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more than can farm products or any other commodities. All necessary liquidations must run their course, and sooner and franker we face that fact and discount its inescapable consequences the better off we shall be.

A FEW WORDS OF CAUTION

The Girard Trust Company of Philadelphia warns against too great an exuberance over the first signs of returning prosperity, and says in its monthly letter:

It should be possible to suggest a few words of caution without bringing on the charge of being a bearer of ill tidings. Perhaps our despondency was for a time too great, although the cause for it had never been greater. A healthy optimism is far better if it can be encouraged. Nevertheless, there is no place yet for exuberance, and therefore no fear that it might carry us too far.

First let us remind ourselves that a considerable number of the signs of improvement are merely in our monetary and banking mechanism. Reserves, interest rates and exchange rates may change in a most satisfactory manner, but they are merely machinery. The important thing is farms, factories, commodities and markets.

Second, it is well to remember that even the ordinary and important crises of the past in our own country alone have regularly been followed by extended periods of depression. After the crisis of 1837 business did not recover until 1840. The difficulties following the panic of 1857 had not ended by the outbreak of the Civil War. It was not until nearly 1880 that the effects of the disaster of 1873 began to disappear, and the depression beginning in 1893 lasted until 1896. Even after the panic of 1907 recovery was by no means rapid. All precedents therefore point to an extended period of difficulty; and this one has causes without parallel since the close of the Napoleonic Wars a century ago. Even the prostration

then existing in the world was not comparable to this because of far greater present intercommunication of nations.

Third, the causes leading up to the crisis in 1920 were infinitely more powerful than those of the earlier difficulties just mentioned in America, and we must have patience for recovery. We like to think there never before was such a war. But we must remember that a very large percentage of the years of recorded human history has been spent in fighting. Rome and Carthage were at it continuously for two hundred years, and they comprised practically the whole of the business world in their day. Never perhaps have prices been so inflated by the issue of such great volumes of paper money in so many countries at one time. And never before perhaps have governments been so overwhelmed with great masses of debts and such burdensome interest charges. But all these things are relative. The world has had crushing burdens before.

MONEY AND BANKING

The banking situation is summed up as follows by the monthly letter of the National City Bank of New York:

The money market eased notably in the early part of January and firmed up in the last week. The changes were most evident in bankers' acceptances and funds temporarily employed on stock exchange collateral. The market for acceptances was broad and active, with the result that the rate on prime 90-day bills declined from $6\frac{1}{4}$ to $5\frac{1}{4}$ per cent., country banks being the principal buyers. At $5\frac{1}{4}$ per cent. the demand fell off and in the last days of the month the rate advanced to 6 per cent. It is gratifying to observe that the number of bankers interested in the bill market is constantly increasing. The call money market fell to 5 per cent., and even lower, in the early part of the month, and an important amount was loaned at that rate, but the month closed at 7 per cent. Loans on mixed stock exchange collateral fell as low as $6\frac{1}{2}$ but at the close of the month were back to



PHOTOGRAPH (not re-touched) shows Mann Blank Book used in the Tradesmen's National Bank, Philadelphia, Pa., in which Mann Blank Books, Loose Leaf Ledgers and other products have been in use for over twenty-five years.

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7½. The run of good commercial paper is on an 8 per cent. basis, but a relatively small number of choice names in the market only occasionally are going at 7½ per cent.

It is not difficult to account for the reaction from the rapid decline of interest rates. Money was being dumped into a relatively small field, and the rates became comparatively low with the result that funds were withdrawn or shifted to other uses. The movement of funds turned against New York.

The position of the Federal Reserve Banks has shown some degree of liquidation, total earning assets, at \$2,968,544,000 on January 14, showing below the \$3,000,000,000 mark for the first time since December 19, 1920. The high mark was \$3,421,976,000 on October 15 last. Inter-bank borrowings, which aggregated about \$250,000,000 in October had been reduced to \$61,600,000 on January 21, held by the reserve banks of Boston, Philadelphia and Cleveland for five reserve banks in the west and south. Standing alone these three banks would show reserve percentages around and above 70. Next to them stands the San Francisco bank, with a percentage on the date named of 55.2. The New York bank is held down by the heavy loans of the New York City member banks to correspondent banks in all parts of the country. The Chicago bank

also is affected by the loans of member banks outside of the district.

How the borrowing reserve banks would have stood in their reserves on January 1, without the aid thus received from the other reserve banks is shown by the following table:

Reserve Bank:	Actual Reserve	Without Borrowing
Richmond	46.2%	41.05%
Kansas City.....	41.6	29.9
Minneapolis	39.2	29.7
Atlanta	41.4	27.6
Dallas	40.2	16.3

This refutes the charge that the system has not been serving the agricultural sections.

The amount of Federal reserve notes in circulation on January 21, 1921, was \$3,115,310,000, which compares with \$2,844,227,000 on January 23, 1920, and \$3,356,199,000 at the peak.

The aggregate of all liabilities of the reserve banks, other than capital and surplus, on January 21, 1920, was \$5,645,001,000, against \$5,964,038,000 on January 23, 1920. Their total reserves at the former date were \$2,301,251,000, against \$2,987,896,000 on the latter date.

It is a little strange that the amount of reserve notes in circulation does not diminish

more rapidly, in view of the decline of prices and falling of trade and of wage payments. It indicates a considerable amount of currency withdrawn from circulation in private holdings.

The fact that liquidation proceeds slowly need not be a matter of concern, now that it is started. People part with their products reluctantly at prices that are unsatisfactory, and only as they have payments to meet. They are economizing in personal expenditures. At the present level of prices it is not to be expected that the debts created in the years of expansion will be all cleared up in a single year, but trade will feel the effect of debt-paying until the relation between income and indebtedness is much more normal than it is now.

THE TARIFF ISSUE

High tariff impositions at this time would constitute a policy "which is financially suicidal if rigorously carried out," according to A. Barton Hepburn, chairman of the advisory board of the Chase National Bank, of New York. "An upward revision of the tariff," he said recently, "would be an inexcusable blunder in the present situation."

Mr. Hepburn also said:

I could offer strong arguments for protective tariffs under conditions to which we were accustomed in the days before the war, but the present situation makes the old arguments wholly inapplicable. We are faced by the fact that Europe owes us many billions of dollars, which she can only pay by shipping goods to us. She cannot send much more gold. The creation of our great merchant marine and the expansion of our American banking activities have lessened America's dependence on Europe for shipping and banking services, and, at the present moment, the actual balance of payments on shipping is against Europe rather than in her favor. The only way in which she can hope to pay off this debt, or even to pay interest on it, is by sending goods to us, selling them in our markets and leaving the money with us.

It needs little argument to show that high protective tariffs interfere with the importation of manufactured goods from Europe, greatly increase Europe's difficulties in meeting her obligations to us, and greatly lessen the prospects of our receiving payments from her. I am, therefore, vigorously opposed to an upward readjustment of our tariffs at the present time.

FOREIGN CREDITS

Since foreign buyers of American products are unable to pay in cash some

Manager

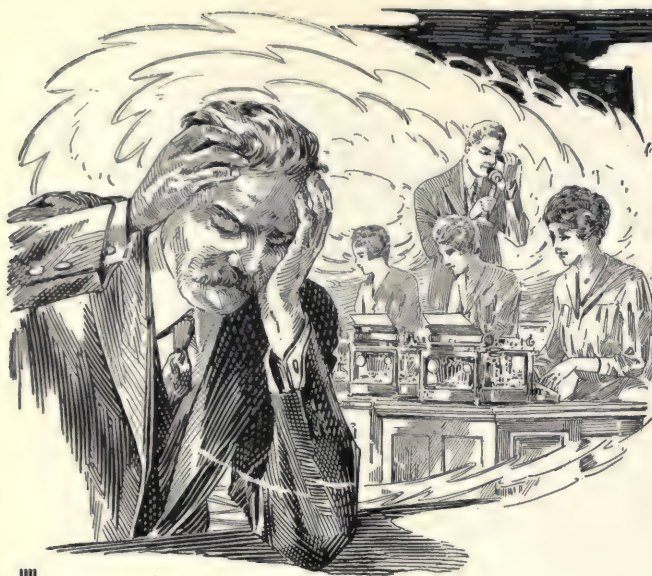
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means must be found for extending them credit, in the opinion of John McHugh, vice-president of the Mechanics and Metals National Bank of New York. Mr. McHugh recently stated:

Credit is absolutely essential to the support and development of the foreign trade of the United States. Whether the foreign buyers of American goods meet their purchases within a period of three months or five years is, after all, a matter of practice rather than of principle, and it is in recognition of this that American financial thought is devoting itself to meeting the needs of the situation. Since the Government ceased to loan, commercial banks in the United States until recently financed the country's gigantic foreign trade, following their accustomed habit of extending their facilities in the form of short-term credits. When these credits matured they were renewed, and removals and extensions of these credits have multiplied so far that recently the commercial banks of the country approached very closely to the point beyond which they could not go under the law, in the matter of extending loans, without impairing their statutory reserve limit.

It is to meet the situation that faces the United States squarely, and to solve the situation as it relates to the matter of foreign trade credits, that, with the help of banks, and business enterprises in every part of the United States, the organization of a Foreign Trade Financing Corporation with \$100,000,000 capital, was proposed. The purpose of this corporation will be the sale to the American people of debentures, the proceeds to be devoted to the promotion of the country's foreign trade.



Dr. Copeland
says:

"Noises Menace Health"

Dr. Royal S. Copeland, Health Commissioner of New York City, says:
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NEW DIRECTORS FOR THE MECHANICS AND METALS NATIONAL BANK

At the annual meeting of the Mechanics and Metals National Bank of New York on Tuesday, January 11, Theodore Pratt and Julius H. Barnes were elected to the board of directors. All other directors were re-elected. Mr. Pratt succeeds his father, Charles M. Pratt, who resigned. Mr. Barnes is the former president of the Grain Corporation. Prior to the war Mr. Barnes was head of the Barnes-Ames Company, the largest wheat exporting firm in the world. A young man, in the early forties, he gave up his private business to carry on the work of the Government. His first association with Government war work began when Herbert Hoover made him head of the wheat division of the food administration. The Grain Corporation was formed August 14, 1917, to buy, distribute and export the national wheat crop under the Food Control Act, and Mr. Barnes became its president. In April, 1919, President Wilson, upon the recommendation of Herbert Hoover, named Mr. Barnes as United States wheat director. In this position, created for the first time, Mr. Barnes directed the handling of the whole 1919 wheat crop and administered the \$1,000,000,000 fund appropriated by Congress to take care of that crop under the Government guaranteed price. Mr. Barnes has now returned to private business, as president of the Barnes-Ames Company.

DISCOUNT CORPORATION OF NEW YORK

The Discount Corporation of New York handled a business in acceptances last year totalling \$1,780,943,651, or more than twice the volume of the 1919 business, which was \$854,986,121. Of last year's total, \$891,132,054 was on the buying side and \$889,811,596 was on the selling side.

Net profits of the corporation for the year were \$590,970, after making full provision for State and Federal taxes. Dividends amounting to \$200,000 were paid out of this sum, leaving \$390,970 to be carried to un-

divided profits, which, at the close of 1920 totalled \$625,294.

The balance sheet as of the end of the year shows assets and liabilities of \$52,313,107. The chief item in assets was \$50,836,983 for acceptances discounted, while, after deducting \$5,000,000 for capital, \$1,000,000 for surplus, and \$625,294 for undivided profits, the liabilities showed loans payable and deposits of \$19,755,301, and acceptances rediscounted and sold with endorsement of \$25,431,857.

In his remarks to shareholders, John McHugh, president of the corporation, said, in part:

The directors believe that the shareholders will be fully satisfied with the result of the year's business, especially in view of the fact that considerable expense was incurred in the work of introducing acceptances to banks and other purchasers as a means of employing a reasonable part of their available funds. The superior advantages of this form of investment are now much more widely known and appreciated than heretofore. As an indication of this, it may be well to point out that the Federal Reserve banks held acceptances purchased in the open market at the beginning of 1920 amounting to \$574,631,000, while on December 30, 1920, the figure had declined to \$255,702,000, notwithstanding that as great a volume of acceptances was in existence on the latter date. We feel justified in claiming a substantial part of the credit for the very desirable broadening of the market to which these figures give evidence.

The beginning of the third year of the corporation's business shows a considerable slowing up of foreign trade, both import and export. For a time at least, therefore, the volume of acceptances outstanding will tend to decrease.

INTERESTING BOOKLET OF THE UNITED STATES MORTGAGE AND TRUST COMPANY

"Appraisal and Advisory Service for Churches" is the title of a unique and interesting booklet just issued by the United States Mortgage and Trust Company of New York. The text is devoted to an outline of certain financial and social problems encountered by St. Mark's in the Bowery through the changing character of the surrounding neighborhood (Second Avenue and Tenth Street), and the manner in which they were met and solved.

The cover design is featured by a drawing of St. Mark's in the Bowery and the

descriptive matter is illuminated with half-tone engravings of some of the properties of the parish, all of which were included in the appraisal made by the United States Mortgage & Trust Company in connection with its recommendations as to changes and betterments.

The booklet should be of value to many other churches seeking the means of protecting their environments and perpetuating their service in localities where they are established.

CORRECTING AN ERROR

In the January issue of the *BANKERS MAGAZINE* an error was made in publishing a comment on the dividend rate and condensed statement of the National Bank of Commerce. This should have been the National Bank of Commerce in St. Louis, not the National Bank of Commerce in New York as was erroneously stated. The statement of the condition of the National Bank of Commerce in New York on December 29, 1920, showed resources of \$555,052,004.69. Capital was \$25,000,000, surplus \$25,000,000, and undivided profits, \$8,519,838.42. The deposits were \$362,825,547.

SCOVIL COMPANY CHANGES

Charles Lee Scovil who has been associated with Spencer Trask & Company, investment bankers, for many years, as advertising and sales manager, has resigned to become first vice-president of Medley Scovil & Co., advertising agents, New York.

H. Lamson Scovill, son of Henry William Scovill, and grandson of James Mitchell Lamson Scovill, who founded the Scovill Manufacturing Company of Waterbury, Connecticut, in 1802—the largest independent brass manufacturing concern in the United States—has become treasurer.

Gale McNamee, former news editor of the *Daily News Record* and *Women's Wear*, and for many years associated with other important metropolitan newspapers, has been made vice-president.

Medley Scovil, the founder of the business, continues as president.

GUARANTY TRUST COMPANY OF NEW YORK

At the meeting of the stockholders of the Guaranty Trust Company of New York the following directors were elected for a period of three years:

Thomas DeWitt Cuyler, James B. Duke, Daniel Guggenheim, Cornelius F. Kelley,

Edgar L. Marston, William C. Potter, Harrison Marshall Robertson, John S. Runnells and Harry Payne Whitney.

At a meeting of the executive committee of the board of directors on January 24, the present managing committee, which directs the administrative work of the Company's operations as an aid to the president, Charles H. Sabin, was reappointed for the ensuing year. This committee comprises Vice Presidents Albert Breton, W. Palen Conway, Eugene W. Stetson, Harold Stanley and Francis H. Sisson. Through the process of rotation, Mr. Stetson was elected chairman of the committee to succeed Mr. Breton who held that office last year.

DIRECTORS OF EQUITABLE EASTERN BANKING CORPORATION

At the annual meeting of the stockholders of the Equitable Eastern Banking Corporation recently organized by the Equitable Trust Company of New York and several important Pacific Coast banks, the following directors were appointed: Alvin W. Krech, president Equitable Trust Company of New York; Heman Dowd, George L. Le Blanc, vice-presidents Equitable Trust Company of New York; John S. Drum, president Mercantile Trust Company of San Francisco and president of the American Bankers' Association; John D. McKee, chairman board of directors Mercantile Trust Company of San Francisco; Emery Olmstead, president Northwestern National Bank, Portland, Oregon; Enrico N. Stein, vice-president Abe Stein & Company, Inc.; Winthrop W. Aldrich, of Messrs. Murray, Prentice & Aldrich; Howard E. Cole, secretary Standard Oil Company of New York; A. J. Waters, president Citizens National Bank, Los Angeles, California; Richard R. Hunter, vice-president Equitable Trust Company of New York.

STATE BANK OF NEW YORK APPOINTMENTS FOR NEW YEAR

The State Bank of New York at the annual meeting of the stockholders named the following directors for the ensuing year:

Oscar L. Richard, Lucius N. Littauer, Harold C. Richard, Sol Wexler, Robert H. Mainzer, Wilbur L. Ball, Morris H. Mann, Michael Tuch, Robert S. Dennison, Albert I. Voorhis, Walter L. Burkett, John Kneisel, William B. Roth, Harry W. Vogel, Charles A. Smith.

At a meeting of the board of directors the following officers were unanimously re-elected:

ted: Harold C. Richard, president; Albert I. Voorhis, vice-president; and the following officers were re-appointed:

Vice-Presidents: Walter L. Burckett, John Kneisel, William B. Roth, Charles A. Smith and Harry W. Vogel; cashier: John Kneisel; assistant cashiers: Frank A. Pappi, Charles C. Schnecko, Paul Muller, Clarence E. James, Edward W. Rasp, Philip L. Tuchman and Arthur J. Van Pelt; auditor: Chester Woodworth; manager foreign department: Maxwell M. Teicher.

The following new appointments were also made: assistant cashiers: J. V. D. Garretson, Walter J. Gilpin.

**PUBLIC NATIONAL BANK TO BUILD
\$200,000 BROOKLYN BRANCH**

The Public National Bank of New York, with resources of approximately \$85,000,000, has purchased as a site for a monumental branch banking building a plot 50 by 100 feet on Graham Avenue, Brooklyn one block away from its present branch at the corner of Graham and Siegel Avenues in the Williamsburg section.

According to Edward S. Rothschild, president of the Public National Bank, the change of location is made necessary by the increasing business of the institution.

JOHN H. DORNING

John H. Dorning has been appointed an assistant secretary of the Guaranty Trust Company of New York.

M. E. EWER

At the annual meeting of the stockholders of the Park-Union Foreign Banking Corporation of New York, M. E. Ewer was elected a director in place of R. P. Perkins.

**CHEMICAL BANK BUYS BROADWAY
CORNER**

The Chemical National Bank, of New York, through its first vice president, Edwin S. Schenck, it was learned recently, has signed contracts for the purchase of the thirteen-story building at the southwest corner of Broadway and Chambers Street, now owned and occupied by the Shoe and Leather Bank, a branch of the Metropolitan Bank. Henry Ollesheimer signed the contracts as president of the latter bank. Joseph P. Day was the broker in the transaction.

The Chemical National Bank occupies an

Resources

\$19,000,000.00

**Send us your Buffalo
business**



for Direct Service

Try Us

**and you will be entirely
satisfied**

- A. D. BISSELL, Chmn. of Board**
HOWARD BISSELL, President
C. R. HUNTLEY, Vice-Pres.
E. H. HUTCHINSON, Vice-Pres.
E. J. NEWELL, Vice-Pres.
C. G. FEIL, Cashier
A. J. ALLARD, Asst. Cashier
G. H. BANGERT, Asst. Cashier
GEO. ULRICH, Asst. Cashier
C. H. FITCH, Asst. Cashier
W. G. WILCOX, Auditor

Trust Department

CHAS. W. CARY, Trust Officer

The Corporation Manual

Twenty-first Edition—1920

A Handy Reference Book of 2421 Pages Clearly Printed on Good Quality Paper—Strong Buckram Binding. A Systematic Arrangement of the Statutes Affecting: Both Foreign and Domestic Business Corporations; The Uniform Stock Transfer Act: The Blue Sky Laws; The Anti-Trust Laws; Forms and Precedents.

United States Corporation Company

65 Cedar Street, New York

imposing structure fronting on both Broadway and Chambers Street, adjoining on the south and west and practically surrounding the property just acquired. The bank now controls a valuable corner plot, with a frontage of 50.2 feet on Broadway and 192.8 feet on Chambers Street.

Speaking of the transaction, the bank's officers stated that they had no plans for the immediate improvement of the property. The institution has been somewhat cramped for room since its merger with the Citizens' National Bank, and this was one of the reasons for purchasing the corner property.

BANKERS TRUST COMPANY ANNOUNCES APPOINTMENTS

At a meeting of the board of directors of the Bankers Trust Company of New York the following appointments were made: H. H. McGee and Fred W. Shibley, vice presidents; Edgar S. Chappelaar, auditor; E. E. Beach, assistant secretary; Ronald H. Macdonald, Jr., assistant treasurer. Mr. McGee, a graduate of West Point and chief of staff of the 77th Division during the war, will have charge of the company's new office at Madison Avenue and 57th Street. Mr. Shibley, president of the Canadian Society of New York, is head of the industrial department.

BIGELOW STATE BANK ORGANIZED

The Bigelow State Bank, located at 25 Pine Street, New York, has been organized with a capital of \$100,000 and a surplus of \$25,000. Its business will be confined to serving personal checking and thrift accounts upon which interest will be paid.

C. W. CAPES

At a meeting of the board of directors of the Bank of the Manhattan Company of New York, recently, C. W. Capes was appointed an assistant cashier.

FRANCIS HALPIN TO RETIRE

The Chemical National Bank of New York has announced that Francis Halpin, vice-president, would retire from active connection with the bank July 1, after fifty-two years of continuous service.

Mr. Halpin began as a messenger. He will continue to have a desk at the bank.

PROMOTIONS AND APPOINTMENTS OF THE CHEMICAL NATIONAL BANK

At the annual meeting of the directors of the Chemical National Bank of New York the following officers were unanimously re-elected: Herbert K. Twitchell, chairman of the board; Percy H. Johnston, president; Edwin S. Schenck, first vice-president.

Two new vice-presidents were appointed: Albion K. Chapman, formerly cashier, and Wilbur F. Crook, formerly assistant cashier. The office of assistant vice-president was created, and the following former assistant



An interesting sketch of down-town New York showing the National Park Bank of New York, with St. Paul's in the foreground



New home of the Seaboard National Bank, at the north-east corner of Broad and Beaver streets, erected from plans by Alfred C. Bossom, New York architect, which was chosen for first honors as best of the new buildings of down-town New York.

This choice was made by a committee of the Downtown League, comprising Frederick Brown, J. F. Cullman, Sigsbee Graham and H. K. Grigg, chairman, which has been carefully considering the production of new and altered buildings during the past year. The awards were made by this committee in order to encourage and promote architectural harmony and beauty in downtown New York. The Fifth Avenue Association has been doing the same thing in the uptown district.

cashiers were appointed to that office: James L. Parson, James McAllister, Samuel T. Jones, Robert D. Scott, N. Baxter Jackson.

Samuel Shaw, Jr., formerly assistant cashier, was appointed cashier. The following new assistant cashiers were appointed: Harry L. Barton, Francis J. Yates, Albert Quackenbush, Chester Morrison.

The following officers were re-appointed: Frank K. Houston, Francis Halpin, Isaac B. Hopper, Clifford P. Hunt, Jesse M. Smith, Edward H. Smith, vice-presidents; John G. Schmelzel, John B. Dodd, Clifford R. Dunham, assistant cashiers; Edwin Gibbs, trust officer; Ernest J. Waterman, assistant trust officer; Robert B. Raymond, manager



THE new building of the Savings Investment and Trust Co., South Orange, N. J. A well-lighted and beautifully designed room, with the activities of the Bank surrounding the public lobby. One of those inviting interiors which invite and hold business.

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

511 Blackstone Building, Cleveland, Ohio

foreign department; Henry M. Rogers, assistant manager foreign department.

At the annual meeting of the stockholders, held January 11, the directors were re-elected. The directors presented to Frederick W. Stevens a handsome morocco-bound testimonial in honor of his fifty years of continuous service as a director. He was first elected on January 11, 1871.

N. Baxter Jackson, who was promoted to the rank of assistant vice-president, joined the staff of the Chemical last spring as assistant cashier, coming from the American National Bank at Nashville, Tenn., where he was assistant cashier. Prior to that time he was with the Cumberland Valley National Bank at Nashville. During the war he was major in the 114th Field Artillery. Mr. Jackson's work with the Chemical National Bank has been chiefly in the Southern States. His early promotion is a recognition of his ability and achievements. He graduated at Vanderbilt University in 1911.

CENTRAL UNION TRUST COMPANY OF NEW YORK

The Central Union Trust Company of New York, which is fifty-seven years old this year, shows total resources on December 31, 1920, of \$251,542,347.17 and deposits of \$209,189,379.81. The complete condensed statement of this date follows:

ASSETS

Cash on hand, in Federal Reserve Bank and due from Banks and Bankers.....	\$42,384,696.38
United States Bonds.....	21,208,693.04
Municipal Bonds.....	5,991,969.11
Loans and Discounts.....	145,736,026.41
Bonds and Other Securities..	19,331,692.42
Stock in Federal Reserve Bank	825,000.00
Real Estate.....	4,147,215.27
Customers' Liability Account of Acceptances.....	10,344,111.10
Other Assets.....	1,572,943.44
Total.....	\$251,542,347.17

LIABILITIES

Capital.....	\$12,500,000.00
Surplus.....	15,000,000.00
Undivided Profits.....	3,056,540.13
Deposits.....	209,189,379.81
Reserve for Taxes and Interest Accrued.....	1,047,898.75
Unearned Discount.....	404,417.38
Acceptances.....	10,344,111.10
Total.....	\$251,542,347.17

J. N. BABCOCK

J. N. Babcock, vice-president of the Equitable Trust Company of New York, has been re-elected president of the New York City Association of Trust Companies and Banks in Their Fiduciary Capacities.

J. MECKLEY POTTS

At a meeting of the board of directors of The Seaboard National Bank of New York, held January 13, 1921, C. Howard Marfield, cashier, was elected vice-president and



J. MECKLEY POTTS

Assistant Cashier Seaboard National Bank of New York

cashier, and J. Meckley Potts, assistant cashier.

Mr. Potts was born in Jersey Shore, Penn. He attended Bucknell College, Lewisburg, Penn., and Columbia University, New York City. He is a member of the Sigma Chi fraternity of Columbia, as well as a member of the American Institute of Banking and the Robert Morris Associates, an organization composed of bank credit men. During the past five years Mr. Potts has been manager of the bank's credit department and is well known in financial credit circles.

EDWARD R. TINKER NEW HEAD OF CHASE SECURITIES CORPORATION

Edward R. Tinker has been elected president of the Chase Securities Corporation of New York, succeeding Albert H. Wiggin,

who was made chairman of the board. Robert L. Clarkson was elected a vice-president of the corporation, and Jonas C. Anderson was appointed bond manager. At a meeting of the directors of the Chase National Bank, Thomas Ritchie was appointed controller, and George A. Kinney, trust officer.

AMERICAN EXCHANGE SECURITIES CORPORATION

At the organization meeting of the American Exchange Securities Corporation of New York, the following directors were elected: Lewis L. Clarke, Walter H. Bennett, Theodore H. Banks, R. Fulton Cutting, W. G. Mather, William Skinner, J. T. Terry, H. E. Talbot, J. H. Walbridge, W. H. Woodin.

IRVING NATIONAL BANK

In his annual statement to the stockholders of the above bank, Lewis E. Pierson, chairman of the board, stated in part:

During the extraordinary year just ended, the total amount of business cleared through the Irving for its customers and for its own account was more than thirty-three billions of dollars. Exceeding by one-third the present national debt, this total for your institution suggests how great an economic service is rendered by commercial banks in collecting and safeguarding the productive capital of the country, and in expediting the operations of trade and industry on which we all depend for employment, for sustenance and comfort and for that intangible thing, made up of individual earnings and well being, which we know as national prosperity.

The development of the bank during the year 1920 Mr. Pierson tabulated as follows:

Capital, surplus and undivided profits of Irving National Bank and Irving Trust Company, January 1, 1920.....	\$18,745,794.24
Increase in capital stock of bank, July 24, 1920.....	3,500,000.00
	<hr/>
	\$22,245,794.24
Profits from operations during the year, after deductions for bad debts, depreciation of securities to market value and expenses of acquiring and developing District offices.....	3,533,937.70
	<hr/>
	\$25,779,731.94
Provision for Federal and State Taxes	\$1,389,606.91
Dividends declared during year	1,260,000.00
	<hr/>
	2,649,606.91
Capital, surplus and undivided profits, December 31, 1920....	\$23,130,125.03

At the annual meeting of the stockholders James Clarke retired as director, and Hubert T. Parson, president of the F. W. Woolworth Company, was added to the board.

Four promotions have been made by the directors. George W. Berry is now vice-president of the Woolworth office, having

been advanced from assistant vice-president; Arthur P. Smith is assistant vice-president of the Aetna office; Nelson Fairweather has been made assistant cashier in the same office, and Leon J. Wehbring, assistant cashier in the financing and legal division of the Woolworth office.

CHARLES CASON JOINS CHEMICAL NATIONAL BANK

On January 1 Charles Cason entered the Chemical National Bank of New York as the director of the new department of public relations, which will include publicity and new business. Mr. Cason for the past year and a half has been a member of the execu-



CHARLES CASON

Manager new business department Chemical National Bank, New York

tive staff of the Rockefeller Foundation, and was for five years alumni secretary of the Vanderbilt University of Nashville, Tenn., of which institution he is now a trustee. He is the youngest trustee that ever served that university.

Mr. Cason worked his way through college, finishing the four-year course in three years, and at the same time taking an active part in athletics, debating and literary work. He



The Backbone of the Nation

The backbone of the nation is its thrifty citizens. Their numbers have increased remarkably in the past few years through the constructive efforts of many educational forces, among which the bankers of the country figure conspicuously.

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PHILADELPHIA PENNSYLVANIA

made a good record as a student, and won the Founders Medal in public speaking, which is the highest reward given in the university. He is a member of the Delta Kappa Epsilon fraternity and for several years a member of the council which is its governing body.

Since his graduation in 1910 Mr. Cason served as clerk of the Tennessee house of representatives for several years. While an officer of Vanderbilt University he had charge of all its publicity work and its official monthly publication, which he organized and edited. His work with the Rockefeller Foundation has been of a similar nature.

GREENWICH BANK CHANGES

Charles R. Whyard has been made a vice-president, and Alfred Peterson, cashier, of the Greenwich Bank of New York.

PROPOSED INCREASE IN CAPITAL FOR SEABOARD

At a recent meeting of the board of directors of The Seaboard National Bank of New York, it was proposed to increase the capital stock from \$1,000,000 to \$3,000,000.

A meeting of the stockholders has been called for March 3 to vote on the proposed increase. The stockholders will be given the pro rata right to subscribe for the new \$2,000,000 stock at par.

With this increase the bank will have a capital, surplus and undivided profits amounting to over \$8,200,000.

GEORGE KENWORTHY

George Kenworthy has been appointed an associate manager of the bond department of the Equitable Trust Company of New York. Mr. Kenworthy has been the head of the trading department of the Equitable bond department since 1918, and prior to that time held a similar position with Brown Brothers & Company.

AMERICAN EXCHANGE NATIONAL BANK

The board of directors of the American Exchange National Bank of New York have voted to make payment of the dividend quarterly, on the first day of February, May, August and November, instead of semi-annually as heretofore. The dividend is at the rate of 14 per cent. per annum, and

therefore the quarterly payments will be at the rate of $3\frac{1}{2}$ per cent.

W. R. GRACE AND COMPANY'S BANK

The board of directors of W. R. Grace & Company's Bank, New York, elected J. Louis Schaefer president; M. Bouvier, first vice-president; D. Stewart Iglehart and F. C. Fischer, vice-presidents; Robert F. C. Benkiser, cashier, and L. E. Ziegner, trust officer.

APPOINTMENTS OF FIFTH AVENUE BANK

William G. Gaston and William C. Murphy have been appointed vice-presidents and Ernest Foley has been made cashier of the Fifth Avenue Bank of New York.

EQUITABLE TRUST TEAM LEADS BANKERS BASKET BALL LEAGUE

With no defeats and a string of ten victories to its credit, the Equitable Trust Company of New York team continues to hold the lead in the Bankers Basket Ball League. Strong teams desiring to arrange for games should get in touch with Charles A. Denzau, manager, 37 Wall Street.

"THE PUBLIC'S ATTITUDE TOWARD INVESTMENTS"

The research department of Wm. T. Mulally, Inc., New York, advertising specialists, has prepared a survey and analysis of the above subject and is distributing copies to all interested. The report includes: Part I, Brief Survey of Present Economic and Industrial Conditions Affecting Public Investments; Part II, Brief Survey of Present Financial Conditions Affecting the Investment Market; Part III, The Present Trend of the Investment Market; Part IV, Problems of the Present Investment Field; Part V, Reaching the New Investment Field.

MERCANTILE BANK OF AMERICAS

At the last meeting of the board of directors of the Mercantile Bank of the Americas, New York, Albert Strauss was elected a member to succeed Frederick Strauss, resigned, and Phanor J. Eder, secretary, was elected a vice-president.

STANLEY A. RUSSELL

Stanley A. Russell, head of the public utility department of the National City Com-

pany in New York, has been made an assistant vice-president.

EXCESS PROFITS TAX BOOKLET

The Mechanics & Metals National Bank of New York has prepared an eighty-page book, which will be sent out upon request, on how to compute the Excess Profits Tax.

The book considers forty special cases which have come up, or might come up under the law, and shows the means of meeting each of them.

GEORGE T. WILSON JOINS HARRIMAN NATIONAL

George T. Wilson has been elected a vice-president of the Harriman National Bank of New York. He took office on February 1. Mr. Wilson has been connected with the Equitable Life Assurance Society for forty-five years, entering its employ as an office boy at \$3 a week in 1875 and progressing through various offices to vice-president. He is one of the best known men in the insurance field.

LIBERTY NATIONAL BANK AND NEW YORK TRUST COMPANY TO COMBINE UNDER LATTER TITLE

Plans for the merging of the Liberty National Bank with the New York Trust Company have been unanimously approved by the board of directors of the former and the board of trustees of the latter institution. Both boards voted to recommend the merger to the stockholders of the two banks. The first definite step will be taken on March 4, when the stockholders of the Liberty National Bank will be called in special meeting to authorize the liquidation of the institution as a national bank.

The plan calls for an increase in the capital of the New York Trust Company, under which title the consolidated bank will operate, to \$10,000,000 from its present capital of \$3,000,000. The stockholders of the New York Trust Company will receive \$2,000,000 of this as a stock dividend, and the remaining \$5,000,000 will be exchanged, share for share, with the holders of present receipts representing jointly the \$5,000,000 capital stock of the Liberty National Bank and the common shares of the Liberty Securities Corporation. This information was contained in a statement issued by Mortimer N. Buckner, chairman of the board of trustees of the New York Trust Company.

After the adjustment of the assets of the

two institutions as provided in the plans, including the payment of an extra cash dividend of approximately 8 per cent. to the stockholders of the New York Trust Company, the combined balance sheet of the institutions as of December 31, 1920, is as follows:

RESOURCES

Cash in office and banks.....	\$26,112,343.43
Loans and discounts.....	150,786,336.69
United States bonds.....	4,285,690.37
Other bonds, securities, &c.....	23,132,058.41
Exchanges for Clearing House and cash items.....	28,574,652.13
Real estate.....	313,940.99
Accrued interest and commissions.....	1,926,479.78
Loans of credit by acceptance	6,807,995.44
Commercial credits issued confirmed.....	1,168,204.35
Total.....	\$243,107,701.59

LIABILITIES

Capital stock.....	\$8,000,000.00
Surplus fund.....	15,000,000.00
Undivided profits.....	3,281,295.66
Deposits.....	176,169,586.24
Reserved for taxes.....	662,568.68
Due Federal Reserve Bank of New York.....	28,595,115.11
Circulation.....	2,614,250.00
Interest and discount payable.....	816,870.06
Acceptances.....	6,799,811.48
Commercial credits per contra.....	1,168,204.35
Total.....	\$243,107,701.59

The asset value of the common stock of the Liberty Securities Corporation has been included as part of the assets vested in the merged institution, and the amalgamation plans include provision for the organization of a new securities company, the entire common stock of which will be owned by the New York Trust Company.

The new securities company will issue \$1,000,000 8 per cent. cumulative preferred stock, having the same rights and preferences as the preferred stock of the present Liberty Securities Corporation, in exchange for the present outstanding preferred shares thereof amounting to \$1,000,000 par value.

The board of trustees of the new institution will comprise thirty members, who will be selected from the present boards of the trust company and the bank, fifteen from each institution. The executive officers of the new institution will be Mortimer N. Buckner, chairman of the board, and Harvey D. Gibson, president. The new company will also have an advisory committee, of which Otto T. Bannard will be chairman, and an executive committee, of which Thomas Cochran, of J. P. Morgan & Co., will be chairman.

When the quarters at 100 Broadway, which had been designed for the Liberty National Bank, are completed, they will become the main office of the combined institution. Until



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Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

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Capital - \$3,000,000
Surplus and
Profits - 8,000,000

E. F. SHANBACKER
President

The
FOURTH STREET
NATIONAL BANK
Philadelphia

then the new institution will retain the dual offices now occupied by the New York Trust Company, at 26 Broad Street, and the Liberty National Bank, at 120 Broadway.

GEORGE G. MILNE, JR., APPOINTED VICE-PRESIDENT

George G. Milne, Jr., has been appointed third vice-president of the Garfield National Bank, New York, and took up his new duties on January 3. Mr. Milne's efforts will be devoted largely to the development of the trust department of the bank.

His early experience was obtained in the trust department of the Lincoln Trust Com-

lows: Ruel W. Poor, president; Horace F. Poor, vice-president; Arthur W. Snow, second vice-president and cashier; George G. Milne, Jr., third vice-president, and Ralph T. Thorn, Wilbur C. Husk and George W. MacDonald, assistant cashiers.

STATEMENT BY JAMES S. ALEXANDER

At the organization meeting of the board of directors of the National Bank of Commerce in New York on January 12, 1921, President Alexander, in reviewing the record of the bank for the year 1920, said:

During normal times it is possible for a bank to pursue an individual policy. Throughout 1920, however, the situation has been such as to require the broadest vision, and the partial submergence of special interests to the general welfare. Before the close of 1919 business recession was clearly foreseen by our officers. Early in 1920 we became convinced that not only was it imminent, but that it would be widespread in scope and of long duration. There were large classes of the business community, however, that did not share this viewpoint. While this bank, therefore, could modify somewhat both its own course of action and that of its customers, it could not dictate and was compelled to follow a middle course. Customers were early advised to prepare for the difficulties ahead. A conservative policy was counselled as to the disbursement of profits, and a liberal policy as to the accumulation of reserves against depreciation of inventories when the period of falling prices should set in.

Confident reliance on the Federal reserve system as a practical and efficient reinforcement of courageous banking has made it possible to pursue a policy determined on the broadest grounds of the general financial welfare. The policy of this bank, which has throughout this period been conservative, has not at any time, however, justified its being regarded as a fair weather bank. It has not turned its back on any good and solvent customer, even though circumstances may have offered an excuse for so doing. No business interest identified with this bank has been refused such co-operation as its condition and prospects have merited, and general circumstances have justified. Short-sighted expediency might in some instances have dictated withdrawal of support, but where the longer view required that more, rather than less, support should be given to solvent concerns, this has been done.

The policy of this bank with respect to its foreign business has been predicated upon the conviction that the banking function is to finance foreign trade where there is a real economic need for it on a reciprocal basis, but not to participate in any effort to stimulate foreign trade artificially, or to extend America's creditor position beyond the point of reasonable confidence that the credits can ultimately be liquidated.

The magnitude of the service which banking has rendered to business during this difficult period has merited large earnings. It is doubtful, however, whether profits in 1920, satisfactory as they appear to be, have been commensurate with the responsibility and risk involved.

The future does not hold an expectation of a return to the abnormal activity of the latter part of 1919 and the early months of 1920, and a return to those conditions would not be desirable. A large part of the profits of that period has been illusory, and a



GEORGE G. MILNE, JR.,
Vice-President Garfield National Bank of New York

pany, New York, where he served from 1904 to 1916. After one year in the auditing department of the National City Bank, New York, Mr. Milne went with the Savings Investment and Trust Company of East Orange, N. J., as assistant secretary. In the four years of his service with this company Mr. Milne became successively treasurer and vice-president, resigning to become vice-president of the Garfield National Bank.

The officers of the institution are as fol-

large part of the apparent business development has been unhealthy and out of proportion. Fortunately, results in banking promise in the main to be permanent in character. The year 1921 offers promise of a slow revival of business on a sound basis. Great progress has been made toward the correction of dangerous conditions which could not continue. The future will be beset with difficulties but there is now a better foundation for true prosperity than has existed at any time since the outbreak of the war in Europe.

REDMOND-FRAZIER MERGER

Announcement has been made of the merger of Redmond & Co., of New York and Frazier & Co., of Philadelphia, investment bankers. The new firm will operate under the name of Redmond & Co., with connections on the New York, Philadelphia, Pittsburgh and Buffalo stock exchanges, and also in England, France and Holland. The officers of the new firm are Franklin Q. Brown, Benjamin West Frazier, Howard F. Hansell, Jr., J. F. B. Mitchell, A. Perry Osborn and Warren S. Jarvis.

HOME SAVINGS BANK OF BROOKLYN BUILDS NEW HOME

The following officers of the Home Savings Bank of Brooklyn, New York, were elected at the annual meeting in January: Marshall W. Gleason, president; John W. Burr, first vice-president; Louis Stern, second vice-president; Edgar H. Hazelwood, counsel; Thomas F. Kelly, secretary; Vernon M. Powell, cashier.

It was predicted that the bank will be in its new home, at Manhattan and Norman Avenues, by the first of July, and that when completed the bank will be as fine as any bank building in the borough of Brooklyn.

BRITISH BUSINESS BECOMING NORMAL

Frederick C. Harding, New York agent of the Anglo-South American Bank, Ltd., who has just returned from a pleasure trip to England says:

Although the feeling in England during the last two months of 1920 was by no means one of cheerfulness as regards business conditions there seemed a general tendency towards greater confidence with the advent of the New Year. It was perhaps a feeling akin to that of the schoolboy who turns the smeared and blotted page of his exercise book to start a clean sheet with the firm intention of making a better job of it.

It is true that 1921 inherited a legacy of many unsolved problems, inadequate housing, unemployment, surplus stocks and reduced purchasing power, but nevertheless the determination to do something seems to have already had some effect in dispelling the gloom and relieving the stagnant condition into which commodity markets had fallen. In the minds of many, that stagnant con-

dition was the most serious aspect of the closing months in 1920—the solution of the difficulty lay in manufacturers and dealers boldly taking the losses incurred on overbought positions, getting back to a liquid condition with balance sheets much impaired



FREDERICK C. HARDING

New York Agent, Anglo-South American Bank, Ltd.

in comparison with previous years but yet in most cases still substantial enough to permit the earning of future profits—smaller but less ephemeral than those of the war period.

Several export credit schemes are being considered in Europe as in the United States for the rehabilitation of impecunious states but so far nothing tangible seems to have resulted and as a permanent remedy of the situation they are of doubtful value. The true remedy lies in energetic measures in the countries concerned to set their own financial houses in order by curtailing expenditures and reducing note issues.

FIDELITY TRUST COMPANY OF BUFFALO NAMES NEW OFFICERS

At the annual meeting of the board of directors of the Fidelity Trust Company of Buffalo held on January 11, the following officers were re-elected.

Franklin D. Locke, chairman of the board; Clifford Hubbell, president; Harry T. Ramsdell, Thomas B. Lockwood, Lewis G. Harriman, vice presidents; Merle H. Den-

son, secretary; Lloyd P. Williams, treasurer; Walter L. Curtiss, George B. MacPhail, assistant secretaries; Frederic J. Federlein, assistant treasurer. Samuel G. Easterbrook, heretofore assistant secretary, was elected trust officer.

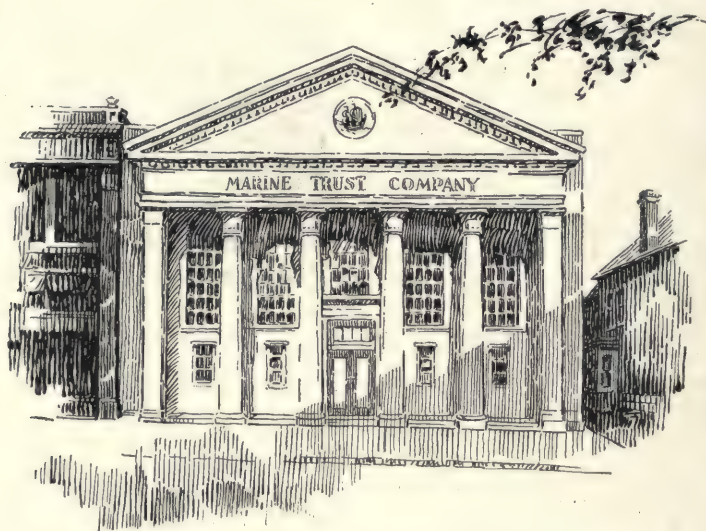
The following new officers were elected: Throop M. Wilder, manager investment department; Harley F. Drollinger, manager new business department; A. Erwin Rankin, manager publicity department; Thomas Cantwell, assistant trust officer; Albert E. J. Krauss, auditor.

MARINE TRUST COMPANY OF BUFFALO OPENS NEW BUILDING FOR ITS COLD SPRING BRANCH

The pioneer branch bank of Buffalo, is celebrating the termination of five years of service to its community with the transfer

Cold Spring from its beginning showed a steady and satisfactory growth. Considering that the up-town banking was unknown at that time and had not the advertising advantages of the present day branches, the growth could be called quite remarkable. The one million mark in deposits was reached in two and one half years or in half the time it was thought it would take; the two million mark was reached some twenty months later. Since then, stunted by lack of space to accommodate and handle customers and also by being encircled by other branches, the growth has not been so decided.

The new office is planned and fully equipped to take care of the banking business of the district for many years to come. It is a substantial, beautiful office built in true Marine thoroughness. Its majestic facade prepares for the wholly satis-



New building of the Cold Spring Branch of the Marine Trust Company of Buffalo, New York

of offices to a splendid new building — such as any bank could be proud to occupy. It is a tribute to the steady progress of Buffalo up-town business life.

When the Cold Spring branch opened its doors in its old quarters, March 1, 1916, branch banking, while tried out in other cities, was a new venture for Buffalo. That this venture has been a success is shown by the eighteen branches of the Marine Trust Company now spread over the city and much appreciated by the various communities.

fying beauty of its interior both in architectural structure and delicate coloring. A large rectangular corridor of creamy gray Italian marble gives plenty of room for the public. On the left as one enters, are the desks of the manager and assistants, easily accessible, and on the right a commodious room for women customers is provided. Cages for the transaction of all necessary kinds of business complete the rectangle. At the rear, a door leads to the vault and safe deposit department, a department which is new for Cold Spring but

All the Modern Languages

Conversationally taught by native instructors, thus assuring correct pronunciation and accent.

With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

PRIVATE AND CLASS LESSONS—DAY OR EVENING

Terms Reasonable.

Catalogue on Application.

TRIAL LESSON FREE

GRAND PRIZES AT ALL EXPOSITIONS

The Berlitz School of Languages

30 West 34th Street, New York
218 Livingston Street, Brooklyn, N. Y.

which has been asked for and is sure to be well supported by the community. Eventual accommodation can be made for about two thousand boxes. The whole office is given splendid natural light by skylight covering a good part of the building's length. The basement has all the necessary convenience for cloakrooms, lunch room, and a substantial vault for stock and record purposes.

The majority of the Marine Trust Company's branches are of a much more simple nature, completely but inexpensively equipped so that the over-head may be kept as low as possible. In this way many sections of the city can each be supplied with a banking office and banking service. As these communities develop it is the plan of the Marine to erect larger and more sumptuous quarters as has been done in the case of its Cold Spring Branch.

RICHARD S. GRAHAM JOINS BUFFALO BANK

Richard S. Graham has recently become associated with the investment department of the Fidelity Trust Company of Buffalo, New York. Mr. Graham is well known in

Buffalo as his connection with the Buffalo office of the National City Company for the past few years has brought him in contact with a wide circle of investors.

Coming originally from Rochester, where he received his education, Mr. Graham spent several years in the New York and Chicago offices of the Rock Island lines. In 1909 he went to Buffalo as district passenger agent, leaving this position to go into the investment business.

This announcement marks another step in the growth of the Fidelity's investment department. This department was created several months ago with Throop M. Wilder as its manager—its creation being due to the desire to serve in a highly efficient way the bank's depositors and friends who were constantly seeking investment advice. Since its inception this department has grown very fast, and its service to investors has been enlarged to include a general investment business.

CONDITION OF WEEHAWKEN TRUST COMPANY

The statement of the Weehawken Trust Company of Union, New Jersey showed resources of \$6,593,244.88 at December 31,

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,
Djorup & McArdle**

42 Broadway, New York

1920. The capital is \$200,000, surplus, \$300,000 and deposits \$6,093,244.88.

EXCHANGES OF THE PITTSBURGH CLEARING HOUSE

Total amount of exchanges of the several members of the Pittsburgh Clearing House Association, Pittsburgh, Pa., for the year 1920 is given below:

1 Federal Reserve Bank (Pittsburgh Branch) ...	\$3,936,618,957.72
2 Mellon National Bank....	1,398,021,708.28
3 Bank of Pittsburgh N. A.	714,806,706.45
4 Peoples National Bank....	540,242,672.97
5 Farmers Deposit National Bank	518,412,367.47
6 Union National Bank....	369,284,163.48
7 Columbia National Bank...	343,709,624.21
8 First National Bank.....	327,119,063.49
9 Diamond National Bank..	187,195,700.14
10 Monongahela National Bank	150,102,434.37
11 Keystone National Bank	102,960,422.90
12 Duquesne National Bank..	93,832,846.79
13 Exchange National Bank	91,823,962.92
14 Western National Bank..	89,199,379.05
15 Second National Bank of Allegheny	66,902,58.59
16 Third National Bank.....	52,649,800.62
Total	\$8,982,837,397.45

REPORT OF PHILADELPHIA SAVING FUND SOCIETY

The number of depositors of the Philadelphia Saving Fund Society of Philadelphia, Pa., at the beginning of this year was 294,526. In 1920 there were 295,863 depositors which shows a decrease of 1,337. The amount of deposits which was \$167,846,323.04 the first of this year and \$157,312,701.66 in 1920 shows an increase however of \$10,533,621.38.

NEW PHILADELPHIA BANK ORGANIZED

The National Bank of North Philadelphia, Philadelphia, Pa., has been organized with a capital of \$500,000. The president is Charles E. Beury and the cashier, John G. Muir.

THE PEOPLES NATIONAL BANK OF PITTSBURGH

The report of the condition of the Peoples National Bank of Pittsburgh, Pennsylvania, at December 31, 1920, showed resources of \$33,061,919.32, surplus and undivided profits of \$2,673,132.65 and deposits of \$27,822,752.57.

THIRD NATIONAL BANK OF SCRAN- TON, PA.

The statement of condition of the Third National Bank of Scranton, Pennsylvania, showed resources at December 29, 1920, of \$11,745,428.45. The surplus was \$1,100,000, undivided profits \$242,634.86, and deposits \$8,206,093.59.

DIME BANK TITLE AND TRUST COMPANY

The comparative statement of condition of the Dime Bank Title and Trust Company of Wilkes-Barre, Pennsylvania, shows a remarkable increase of deposits from \$440,360.29 at November 1, 1909, to \$1,668,426.02 at December 31, 1920. The total resources have increased from \$746,665.54 to \$2,123,624.74.

NEW BANK ORGANIZED IN PENNSYLVANIA

The Peoples National Bank has been organized in Pitcairn, Pa., with a capital of \$75,000. The president is C. B. Yothers and cashier, J. K. Morrow.

New England States

THE
FIRST NATIONAL BANK
of Boston

Transacts commercial
banking business
of every nature

Make it your New England correspondent

Capital, Surplus and Profits
\$37,500,000



Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE business situation in New England has cleared materially during the past month, and from all sides one hears expressions of a sane optimism. Not but what the problems are just as big as they were a few months ago—for they are; but at last the issues are clearly drawn, and business has found the basis on which it can begin to rebuild the prosperity of this section of the country. A little slower to accept the drop in prices than was the case with some other sections of the country, New England has made a pretty thorough job of it once she got under way, and, what is still more important, her business leaders have come to grips with the biggest problem of all—that of reducing the actual cost of living as an off-set to the necessary reduction of wages, for it is perfectly evident that wage-cutting, unaccompanied by a reduction in the cost of living, may easily breed a very dangerous social unrest. In many industries a great deal of progress has been made along these lines—notably the great textile industry, where already the lower prices and more settled conditions are being reflected in increased demand for goods and a lessening of unemployment. In the shoe and leather trades there is a distinct improvement also, although perhaps not so marked as in textiles. The building industry, at this writing, is perhaps giving the most serious concern of all, for there is almost a complete tie-up, with labor presenting demands that the employers say

cannot be met if building is to be brought within the reach of those who most need it. The housing situation is serious, with rents scarce and very high. At this writing the only really hopeful thing about the situation is that it has at last come to a crisis so acute that a settlement cannot be longer delayed.

Inquiries made among the real estate interests reveal a feeling of optimism for the spring and summer, as it is felt that mortgage money will be moderately plentiful by that time.

The banking situation is sound and eminently satisfactory. Rates have shown a slight tendency to soften and many bankers are predicting that February will see quite a substantial drop.

The credit situation is improving. Big stores report that collections have shown a decided improvement. Lower prices have stimulated buying a bit, especially in goods that have been marked down to something approaching pre-war levels, but the most encouraging feature of the retail business is the renewal of interest and increased buying on the part of the great so-called middle-class customers. This trade suffered severely during and after the war, for the average salaried man and the man in business for himself are the people who make up the bulk of the "charge accounts" of the retail stores, and this class of buyers had to curtail buying sharply during the era of high prices. To be sure, the retail stores have done a large amount of new business with the high-wage earners during the past two or three years, but this class of trade

**WEBSTER
AND
ATLAS
NATIONAL BANK
OF BOSTON**

**For
Boston Notes
and Drafts**

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

is difficult to plan on, and the stores are glad to see this reawakening of interest on the part of the class of customers who are steady, dependable buyers of seasonal goods in amounts that can be closely estimated in advance.

Transportation conditions have been unusually good this Winter all through New England, and offer a sharp contrast to the long period of heavy storms of a year ago, when road transportation was often impossible and when railroad transportation was sorely crippled.



**E. B. WILSON ADDRESSES NEW
ENGLAND BANKERS**

Edwin Bird Wilson, president of Edwin Bird Wilson, Inc., financial advertising agents of New York and Chicago, gave an informal talk to a number of bankers of Boston and surrounding towns at a forum held at the Twentieth Century Club, Boston, January 17, under the auspices of the Boston Chapter American Institute of Banking.

Mr. Wilson's subject was "Making the Spirits of Banks Talk," and he said that in his experience many kinds of spirits are to be found in banking institutions and that it is necessary to try the spirits, as the Good Book admonishes, to determine whether they be worthy or unworthy personalities. Both kinds of spirits were mentioned and illustrated from personal experiences of Mr. Wilson in dealing with and visiting banks.

Some of the spirits referred to were the spirit of indifference, the spirit of inattention, the spirit of independence, the spirit of courage, the spirit of co-operation, the spirit of the community, the spirit of courtesy, the spirit of confidence, the spirit of humanity.

Each kind of spirit was described and illustrated by some personal anecdote. For example, the spirit of indifference was pointed out by means of a story concerning a New England bank, where the colored man who was supposed to usher visitors to the proper department was leaning on the vice-president's gate and showed absolute indifference to the visitor's desire to meet the vice-president. Later, when the vice-president was met, it was evident that the

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital\$300,000
Surplus and Earnings..... 170,580
Ralph H. Mann, President
J. Lewis Ellsworth, Vice-Pres. and Treas.
George E. Duffy, Vice-President.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

Ethiopian guard had learned his manners from his chief.

The spirit of humanity was characterized as that brotherhood feeling which looks at every human being not as someone to exploit and use for gain, but as someone to help and serve.

Mr. Wilson said in part: "You cannot speak the truth unless you speak from the heart—that is, unless the spirit speaks. If only the lips speak or the written page, it is a case of words, words, words—only words. A bank cannot advertise truthfully unless its spirit speaks sincerely. The most difficult job we ever attempt as advertising counsellors is the advertising of a bank whose spirit has been tried and found wanting, whose own officers know that its spirit is one of indifference, inattention, non-cooperation, or some other negative quality.

"The easiest and most satisfactory task we have is the advertising of banks full of the living spirit of co-operation, service, community sympathy and human feeling.

"One fine thing about an advertising attempt of the right sort is the effect it has in improving the spirit of a banking institution. (This was illustrated by the true story of a large banking institution—a merger of many institutions—whose spirit of co-operation was improved by its advertising in such a way as to convey to its own officers and employees that they are all working for the same boss.)

"One excellent reason for a bank's advertising intelligently—a reason often overlooked—is that the advertising tends to purge and purify the spirit by revealing it to the light of publicity. And no evil or unworthy thing can long endure that light; it must reform or perish."

The forum was presided over by Charles

E. Rogerson, president of the Boston Safe Deposit and Trust Company, and was attended by many bank officers representing leading banking institutions of Boston and nearby cities and towns. Frank B. Butts, assistant cashier, Webster and Atlas National Bank, and chairman of the forum committee, introduced Mr. Rogerson. The many practical questions asked of and answered by Mr. Wilson indicated a very keen interest on the part of all present in the general subject of bank advertising and in the individual advertising problems of the banks represented.

ASSOCIATED SAVINGS TRUST COMPANIES OF MASSACHUSETTS

The annual meeting of the Associated Savings Trust Companies of Massachusetts was held at Young's Hotel, Boston, Mass., January 21. Professor Charles J. Bullock, chairman of committee on economic research of Harvard University, was one of the guests. He spoke on "Business Conditions since the Armistice." The Hon. Joseph C. Allen, commissioner of banks, and Frederic B. Washburn, president of the Massachusetts Bankers Association, were also guests.

BOSTON NATIONAL BANK ORGANIZED

The Boston National Bank, Boston, Mass., with a capital of \$200,000, and a surplus of \$50,000, has been formed by a group of Boston business men and Italian-American bankers.

ARLINGTON NATIONAL BANK ORGANIZED

The Arlington National Bank of Arlington, Massachusetts, has been organized with Frank V. Noyes as president and Edward C. Hildreth as cashier. The capital is \$100,000.

NEW BANK IN ROCHESTER, N. H.

The Public National Bank has been organized in Rochester, New Hampshire, with William H. Champlin as president and F. R. Steward as cashier. The capital is \$100,000.



Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

AS the South was less affected by the recent contraction of credit and enterprise than any other section of the country, so its rebound, when the crisis passed, was more immediate.

Press reports from various parts of the South show that mills are resuming operation, that labor troubles are vanishing, that business is in a strong position. It is not exactly correct to say that confidence is being restored, because confidence was not severely shaken. There was some calamity howling—but that was the most deadly phase of the situation. Confidence has been strengthened by recent developments—confidence in the South and confidence in the people of the South. And now the engine of progress is rapidly picking up speed.

The staple crops of the South are still bringing a low price, but the crop situation is more favorable than it was. And the resumption of the fertilizer factories and the cotton seed mills is indication that the farmers are planning next season's crops. In all probability there will be an increase in diversification.

From various industrial centers come reports of the improvement in the efficiency in labor. In the lumber yards, for example, the average amount of lumber handled a day by a man was 9,000 feet, before the economic upset of the war. This shrunk to 5,000 feet but has risen to 7,000 feet, and the tendency is upward. Ship repair plants report a greater work-output per man. Saw-mills report an increased labor yield. And so in the various mills and factories. Carpenters, brick-layers and the other building trades are increasing their output.

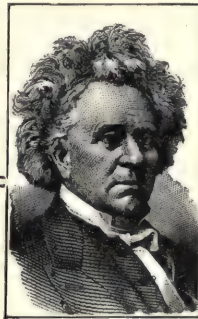
There seems to be less unemployment in the South than in other sections. Recent statistics announced by the department of labor in Washington show that nearly three and a half million fewer persons are employed in the United States than last year. But the total reduction in the Southern states, including Kentucky, is given as only

100,000. The heaviest unemployment of the South is in the following cities, according to the Department of Labor: In Chattanooga, there is a reduction of 7,500; in Atlanta, 7,400; Birmingham, 6,000; Jacksonville, 6,528; Memphis, 5,100; Dallas, 4,500; Louisville, 4,500; New Orleans, 4,000; Knoxville, 5,000; Mobile, 4,100.

Except in the textile mills and a few other lines, there does not seem to have been much reduction in wages in the South.

In Atlanta, contractors are trying to reduce wages in the building trades to the basis of 100 per cent. more than the pre-war wages. Whether this move will spread further, can not now be said.

The approaching completion of the Industrial Canal at New Orleans is considered by students of economics one of the year's



John D. Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

W. J. WOLLMAN & CO.

120 Broadway, New York

Members New York Stock Exchange

Investment Securities

Bankers and Trade Acceptances

Our Review of Financial, Commercial, Industrial and Economic
Conditions Issued Every Two Weeks Sent Upon Request

principal developments of the South. This enterprise—it has already cost \$15,000,000 and will probably cost \$25,000,000 before all is said and done, the sum for which the legislature of Louisiana made provision—was begun in 1918. The Industrial Canal is six miles long, and, connecting the Mississippi River with Lake Pontchartrain, it will offer sites for the development of industrial enterprises, in the city limits, on a fixed-level water channel, where the railroad, river and maritime facilities will be concentrated. The river front does not offer such opportunities, without going far from the center of things, first because it is already developed to wharf and cargo purposes, and second because under the state laws, river front sites can not be owned by private firms or persons.

The canal is dredged from the lake to the lock, which is half a mile from the river. The lock is nearly 90 per cent. completed, and should be finished in March, according to present estimates by the engineers in charge of the work. After the completion of the lock, the channel to the river will be cut, a work that should be completed by October. The lock will admit vessels drawing up to 30 feet of water.

For upwards of two centuries it has been the dream of forward-looking men to connect the river and lake with an artificial waterway. Engineering difficulties and the expense prevented it until the birth of the new spirit in New Orleans, which refuses to yield to any obstacle, however great.

With the organization of the first large foreign trade bank of the country in the South, New Orleans, the metropolis of the South, has begun to organize a foreign trade trip into Mexico. The plan is sponsored by the association of commerce of New Orleans, which, with a membership of 5,000, may be said to represent the commercial interests of the city. One hundred men—

bankers, merchants, manufacturers, exporters and importers of New Orleans—are to leave on a special train March 15 to tour the principal cities of Mexico for the purpose of studying conditions in that country and forming business connections. They will be the guests of the Mexican government, which has issued them a special invitation and will have charge of the party from the moment it crosses the border. Matamoras, Monterey, Tampico, Orizaba, Pueblo, Mexico City and Vera Cruz will be among the points visited. Business meetings are being arranged in those places, in addition to the entertainment that is such an important part of Mexican life. This will not be an order-taking trip, but a "social call" so to speak—the forming of friendships on which Latin-American business is founded.

By a recent deal involving \$500,000, the control of a New Orleans financial organization is taken from a group of Cuban bankers and put back into New Orleans. The institution in question is the American Securities Corporation of New Orleans, which has large interests in the American Bank and Trust Company and the Abbott Automobile Company of New Orleans. The deal was put through by Louis B. Magid, president of the Appalachian Corporation, which owns the largest commercial apple orchards and the largest warehouse in the South. The orchards are in Georgia and Missouri and the warehouse in New Orleans. Mr. Magid now has voting control of the American Securities Corporation, and therefore a preponderating interest in the other two corporations mentioned.



TWO NEW DIRECTORS OF
AMERICAN NATIONAL BANK

Officers of the American National Bank

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
JAMES M. BALL, Jr. Cashier
THOS. W. PURCELL Trust Officer

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

and American Trust Company, Richmond, Va., were re-elected for the following year at the annual meeting of stockholders held January 11.

C. F. Sauer, president of the C. F. Sauer Company and Colonel R. McC. Bullington were added to the directorate.

MERCHANTS NATIONAL BANK OF RICHMOND, VA.

The statement of condition of the Merchants National Bank of Richmond, Va., showed total resources, at December 31, 1920, of \$22,376,112.82. The surplus and profits are \$1,821,992.17 and deposits of \$17,428,404.10.

CONDITION OF NATIONAL EXCHANGE BANK

The National Exchange Bank of Roanoke, Va., showed total resources as at January 1, 1921, of \$13,475,976.15. The surplus and profits are \$585,716.50 and deposits \$11,656,585.59.

CONDITION OF INCORPORATED STATE BANKS OF VIRGINIA

A comparative statement of the condition of the incorporated State Banks of Virginia

as of November 17, 1919, and November 15, 1920, shows resources in 1919 of \$199,436,988.54 and in 1920 of \$203,934,799.61. Deposits in 1919 were \$144,198,358.71 and in 1920 \$143,295,137.46. Capital stock in 1919 was \$19,443,032.00 and in 1920 \$23,282,751.18.

GREENVILLE, S. C. BANKS PROSPEROUS

The Woodside National Bank and Farmers and Merchants Bank of Greenville, South Carolina show a substantial growth during the past year. The Woodside National Bank in issuing its first annual statement shows resources of \$1,777,634.70 with deposits of \$1,272,888.61. The capital of this bank is \$200,000, surplus, \$20,000, and undivided profits, \$14,726.02.

The Farmers and Merchants Bank showed resources of \$2,089,751.37 and deposits of \$1,748,208.71. The surplus and profits are \$38,439.16.

FIRST NATIONAL BANK OF MOBILE, ALABAMA

The First National Bank of Mobile, Alabama, showed at the end of the year 1920 resources of \$14,964,717.78. The deposits

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
 Drafts on Charleston drawn with exchange
 remitted without charge.

were \$13,414,705.83, and surplus and profits, \$884,011.95.

CITY NATIONAL BANK CAPITAL TO BE INCREASED AND NEW BUILDING ERECTED

Plans for the erection of a new building, for an increase in the capital stock, and other progressive steps were discussed at the annual meeting of the stockholders of the City National Bank of Tuscaloosa, Alabama.

The report to the stockholders showed that the deposits were in excess of those of last year and that the past year had been the most successful in the history of this splendid bank—the oldest in Alabama.

The following directors were re-elected for the ensuing year: E. B. Nuzum, J. T. Horne, D. O. Parker, W. W. Brandon, Henry A. Jones, Harry N. Eddins, Charles Morris, James F. Alston, James H. Fitts, S. F. Alston, S. F. Clabaugh and R. H. Cochrane. The bank's officers were elected as follows: S. F. Alston, president; R. H. Cochrane, active vice-president; J. T. Horne, vice-president; E. B. Nuzum, vice-president; S. F. Clabaugh, cashier; Frank S. Daniel, assistant cashier.

Plans are being drawn for a building to cost, it is said, \$100,000, to be used exclusively by the bank. It will be erected on the corner of Broad Street and Twenty-third Avenue on the property recently acquired by the bank. It is said that the building will be one of the finest and most modern in this section of the country and will be the last word in bank construction and equipment. It will be built of stone and marble.

Concerning the proposed increase in cap-

ital, it is said that \$50,000 in additional stock will be issued in the next few months. This will make the bank's capital \$150,000 with surplus and undivided profits of \$150,000, or a total of \$300,000 invested capital. In addition, the stockholders' liability of \$150,000 will make the bank's responsibility \$450,000, with total resources of nearly \$2,000,000.

The City National has given new evidence of its confidence in Tuscaloosa. In speaking of present conditions, President S. F. Alston said:

"There is nothing alarming, unnatural or even unexpected in the present business situation. It was necessary and inevitable, and when the readjustment is completed we shall see the beginning of a long period of normal, healthy development and prosperity.

"The City National Bank expects this year to increase its capital and facilities to fully meet the new requirements of its customers and friends, and to provide banking equipment that will make possible the most modern and efficient service. We hope to better serve our customers and the community in the opportunities of the next few years and to have a part with them in the growth and development which the future undoubtedly holds in store for Tuscaloosa."

The statement of condition of the bank showed resources of \$1,836,554.64 at December 29, 1920. The deposits were \$1,412,451.81.

BANK TO OCCUPY NEW HOME SOON

The American National Bank of Nashville, Tenn., will occupy its new banking room, covering practically the entire first floor of Nashville's largest and most conveniently located office building, the Stahlman, at a very early date, the new home being now completed with the exception of a few finishing touches.

In announcing its actual consolidation with the Cumberland Valley National Bank, the American is not only keeping pace with the wonderful growth and prosperity of Nashville and the entire South of the past few years, but its officials feel, is looking forward to an ever-increasing need for large and strong banking facilities to care for the business of the future.

The combined resources will enable the bank to handle the business of large industrial and commercial organizations now developing in the South, while continuing its interest in and financial relations with the many personal friends of the old institution. The name of the combined banks

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

will be the American National Bank, and will have a capital of \$1,500,000, with a surplus of \$750,000, making a total invested capital of \$2,250,000.

STOCKHOLDERS OF HIBERNIA BANK RE-ELECT DIRECTORS

The annual meeting of the shareholders of the Hibernia Bank and Trust Company of New Orleans, La., was held in the main office of the corporation, January 11. The principal business before the meeting was the election of directors, which resulted in the re-election of the entire directorate of the bank for 1921.

The directorate of the bank includes: C. E. Allgeyer, Gus. B. Baldwin, A. Brittin, E. J. Caire, R. E. Craig, Jr., H. Genes Dufour, Peter F. Dunn, C. P. Ellis, F. W. Ellsworth, F. W. Evans, John T. Gibbons, Jr., Geo. J. Glover, H. R. Gould, R. S. Hecht, Alvin P. Howard, Paul F. Jahneke, Adolph Katz, Ferdinand Katz, Frank L. Levy, Ernest M. Loeb, D. B. Martinez, J. J. Manson, C. S. Mathews, Bernard McCloskey, Hugh McCloskey, J. S. Otis, E. Overbeck, E. L. Powell, W. L. Richeson, W. P. Simpson, E. G. Schlieder, Hugh E.

Vincent, Frederic Wilbert, R. W. Wilmot, and S. Zemurray.

At its first meeting after re-election, the board of directors re-elected the entire official personnel of the bank for the coming year. Hugh McCloskey will continue as chairman of the board, and R. S. Hecht as president. With Mr. Hecht were re-elected F. W. Ellsworth, Frank E. Reiss, Paul Villere, and R. N. Sims, vice-presidents; and James H. Kepper, cashier. With this executive management was also re-elected the entire official personnel that has served the bank during the past year.

CONDITION OF AMERICAN NATIONAL BANK OF AUSTIN, TEXAS

The statement as of December 29, 1920, of the American National Bank of Austin, Texas, showed resources of \$9,696,802.31. The surplus and profits are \$912,068.14 and deposits \$6,449,946.63.

SECURITY NATIONAL BANK OF DALLAS NEW OFFICERS

The changes in officers at the annual meeting of the Security National Bank of Dallas, Texas, are as follows: D. D. Rogers,

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*The largest selling Quality
pencil in the world*

TWO crowning achievements;
the far-famed Venus of Milo,
and the superb VENUS Pencil.

VENUS Pencils are insisted upon
in many large financial institu-
tions, because they mean the
maximum efficiency in pencil
work of both executives and staff.

17 Black Degrees 3 Copying

For bold heavy lines
6B-5B-4B-3B

For writing, sketching
2B-B-HB-F-H

For clean fine lines
2H-3H-4H-5H-6H

For delicate, thin lines
7H-8H-9H

For general writing the most
popular degree is "HB"

Plain Ends, per doz. \$1.00
Rubber Ends, " 1.20

*At Stationers and Stores
throughout the World*

**American
Lead Pencil Co.**
214 Fifth Ave., N. Y.
and London, Eng.



formerly first assistant cashier, elected vice-president; J. W. Royall, formerly assistant cashier, elected vice-president; Phelps Terry, of the savings department, elected assistant cashier.

COMMERCIAL CREDIT COMPANY OF BALTIMORE

Following is the December 31, 1920, state-
ment of the above company:

ASSETS

Cash in banks.....	\$2,098,894.32
Open accounts, notes and ac- ceptances	6,009,699.62
Motor lien retail time sales notes	3,662,129.85
Motor lien storage notes and acceptances	665,874.94
Motor lien storage notes and acceptances, National Accep- tance Corporation	1,362,825.42
Sundry accounts receivable....	247,006.86
Repossessed cars: retail.....	29,668.87
Repossessed cars: storage (new)	32,361.63
Total Current Assets....	\$14,108,461.51
Investments, reported book value:	
Commercial Acceptance Trust, Chicago, 20,000 Common Beneficial Shares—no par value	894,793.95
Commercial Credit Co., Inc., New Orleans, 3,750 Com- mon Shares—\$100 par value	375,000.00
Service charges—accrued	6,566.22
Interest—prepaid	98,043.92
Furniture and fixtures (cost \$55,235.97)	1.00
	\$15,482,866.60

LIABILITIES

Collateral trust notes payable..	\$7,326,500.00
Notes payable, unsecured.....	900,000.00
Sundry accounts payable.....	87,370.18
Total Current Liabilities..	\$8,313,870.18
Contingent reserve (Due cus- tomers only when open ac- counts, notes, acceptances and motor lien notes are paid to company)	1,522,492.04
(Due on National Acceptance Corp., account)	928,657.24
Reserve for Federal Taxes—ac- crued (due 1921)	146,102.28
Unearned interest and service charges (Motor Dept.)	238,885.92
Capital stock outstanding:	
Preferred—7%	1,000,000.00
Preferred Class "B"—7%	1,000,000.00
Common—12%	1,200,000.00
Surplus and undivided profits	1,132,858.94
	\$15,482,866.60

This company buys open accounts, accep-
tances and notes receivable from responsible
manufacturers and jobbers who guarantee
the payment thereof, paying about 80 per
cent. upon receipt of documents, the balance
being withheld and paid only as collections
are received.

It also buys retail time sales lien notes
for motor vehicles upon which the purchaser
has paid one-third or more cash. The en-

dorsement or guarantee of the dealer (except on Ford cars) is required.

It also purchases bills of exchange, acceptances and drafts, and finances the sale of motor vehicles from the manufacturer to



A. E. DUNCAN

Chairman of the Board Commercial Credit Company of Baltimore, Md.

the distributor and from the distributor to the dealer.

The company issues collateral trust notes in multiples of \$500, maturing in two to twelve months.

Opelousas National Bank OPELOUSAS, LA.

Capital\$50,000
Surplus and Undivided Prof-
its106,300

E. B. Dubulsson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagni, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October 1, 1903. Collections solicited.

W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital\$100,000

Surplus and Undivided Prof-
its165,820

A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention
and be remitted for on day of payment.
Established 1866.

MERCHANTS-MECHANICS CHANGES TITLE

The title of the Merchants-Mechanics First National Bank of Baltimore has been changed to the Merchants National Bank of Baltimore. The length of the former title was found to be an inconvenience and it is felt that correspondents and the public generally will welcome the change.

CONVENTION OF THE ASSOCIATION OF RESERVE CITY BANKERS

At a meeting of the board of directors of the Association of Reserve City Bankers held in Memphis, January 28, it was decided to hold the 1921 convention at the Lafayette Hotel, Buffalo, New York, Thursday and Friday, June 2 and 3, 1921.

George R. Rodgers, vice-president of the Manufacturers and Traders National Bank, Buffalo, and secretary-treasurer of the Association, is chairman of the local committee which has the details of the convention in charge.

NORFOLK (VA.) BANKS PLAN TO MERGE

It is reported that the National Bank of Commerce and the Marine Bank of Norfolk, both of Norfolk, Va., will announce shortly a consolidation. The new bank under the consolidation will be one of the largest financial institutions in Virginia.

FIRST NATIONAL BANK OF BIR- MINGHAM, ALABAMA

The statement of condition of the First National Bank of Birmingham, Alabama, at December 29, 1920, showed deposits of \$28,925,720, surplus and profits \$2,130,408 and total resources \$34,723,654.



Composite view of the Five Plants
OF
J.I. Case Threshing Machine Company



SAVINGS		ACC	
In Acct. with		Good Will	
1	30	148	62
2	20	195	21
3	20	134	21
4	20	123	22
5	20	133	16
6	20	200	19
7	20	163	14
8	20	153	19
9	20	119	10
10	20	555	43
11	20	415	10
12	20	128	55
13	20	1245	10
14	20	210	19
15	20	150	37
16	20	124	16
17	20	124	16
18	20	137	16
19	20	101	14
20	20	126	11
Total		5724	57
		Balance	3118 86

In Account With Good Will

IN 1842, a few men and a small frame building —now, a manufacturing establishment covering 140 acres and employing about five thousand men. This development is the result of mutual faith: the faith of our customers in Case Machinery, and our faith in the farmer—in his intelligence, enterprise and business integrity.

Deposited in your care are the savings of many of the farmers of your community. Deposited with us is a fund of good will and prestige which it is our duty to maintain intact. For eighty years we have discharged our good will account with a thorough and conscientious effort to build the best of farming machinery. For eighty years we have paid interest on this account in the form of better and more efficient producing equipment. Today, the Case plants maintain the accumulated balance of generations of faith in Case Power Farming Machinery; a faith that this company considers as conscientiously as do you the money intrusted to your care.

The banking profession will recognize in these ideals of manufacturing cherished principles of finance. The Case owner is usually a better credit risk because of the Case good will account of which the performance of his equipment is an essential part.

J. I. Case Threshing Machine Company
Dept. B401 - Racine, - Wisconsin

NOTICE: We want the public to know that our plows and harrows are not the "Case" plows and harrows made by the J. I. Case Plow Works Company



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE "January thaw" has made inroads on frozen credits in the central west. Liquidation is proceeding satisfactorily, being somewhat farther advanced in the urban commercial field than in the agricultural region, with substantial progress in both. The improvement in the position of the Federal Reserve Bank of Chicago during January was such that it is necessary to go back to early in 1920 to find comparable figures.

The betterment is due primarily to a large movement of farm products to market, a movement which has caused the unique transportation condition of a shortage of grain cars existing at the same time as a surplus of other freight carriers. The farmer at last is selling—not because he has to do so, or with particularly good grace; but because he has made up his mind that it is the proper thing to do and that the prospects of a return of prices to anything approaching those he formerly received for his products are rather remote.

The rediscounts at the reserve bank of the seventh district at the beginning of February had been reduced to \$389,664,000, a decrease of \$86,203,000 in the first month of the year, and a drop from the high record mark of \$479,000,000 early last November. Reserve note circulation in the same time showed a decrease of \$42,138,000, the total being \$506,053,000, which compares with the peak of \$559,000,000 in mid-December. The changes in January brought the figures for both borrowing by member banks and note circulation down to the lowest since February 20, 1920. The ratio of reserves to net deposit and reserve note liability combined stood at 49.99 per cent. at the beginning of February, a rise of about 10 points from the low, and the ratio of reserves to note circulation after setting aside 35 per cent. against net deposits had increased to 56.79 per cent., a gain of about 17 points. These ratio figures are the highest recorded since the first fortnight of 1920.

It may be too early to say that the period of inflation is definitely terminated or that the present gratifying trend of events will continue without interruption until the situation approaches normal, but there is no doubt that the change for the better is genuine and profound and means much more than the seasonal movement which usually is expected about the first of the year. When rediscounts began to drop off in the first two weeks of January, the decline being \$38,000,000 in the fortnight, bankers paid little attention to the improvement, for by an odd coincidence the reduction in loans of member banks in the first two weeks of 1919 also was \$38,000,000. But when the downward course continued steadily in the succeeding weeks the significance of what was happening forced itself on the attention of everyone interested in the credit situation. There was no longer any doubt that things were moving, and in the right direction.

The relief in the strain on the reserve bank has been accompanied with another development of almost equal interest and importance. The rate for commercial paper, which stood at a minimum of 8 per cent. continuously after the reserve bank raised its rediscount to 7 per cent. on May 29 last, has broken that figure and the market now covers a range of $7\frac{1}{2}$ to 8 per cent., with the bulk of the business being transacted at $7\frac{3}{4}$ per cent. and a constantly diminishing quantity of 8 per cent. paper appearing in the market. Customers' loans and over-the-counter business continue to be done at 7 per cent. as a rule.

The reduction in the commercial paper rate is regarded as an especially favorable development because it reduces the margin between the going interest charge and the reserve bank's rediscount rate to a point where no banker is likely to do any buying of paper for the sake of the profit that margin offers, and this means a nearer approach of the time when the rediscount rate will be equal to or a little above the going market rate, which fact will automatically exert an influence for the reduction of loans. Not that it is believed that

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CHICAGO

there has been rediscounting for profit to a degree that is at all serious; but bankers are human, and there are many who have regarded the difference between the reserve bank rediscount rate and the going rate as an element of weakness in the financial situation.

While the break in the commercial paper rate is significant, it is only a beginning, and it is realized that the reduction of loans must proceed much farther before there can be any reduction in the reserve bank rates, or much change in current interest charges. Liquidation must be so thorough that banks have a surplus of lendable funds, and there is something like real competition in the placing of loans before conditions can be said to be much better, and that seems still a long way off. Bankers notice with some concern that where liquidation advances in one quarter a fresh demand for money springs up in another; where one block of commodities is sold and money is released thereby, the low prices in some articles tempt another buyer to enter the market beyond his immediate needs and borrow for the purpose. This takes up much of the slack and keeps the demand for money very high. Lessened business activity and lower prices, however, are making themselves felt in an unmistakable way.

Since the first of the year there has developed a steady increase in buying by merchants. As a result the distribution of merchandise at wholesale now is in larger volume than in the corresponding time of 1920, when measured in units or yardage; but because of lower prices the comparison does not hold when the reckoning is in dollars. Nevertheless, the change is highly encouraging. It shows an increase in con-

fidence in the stability of prices and in the demand of the future. Merchants are not accumulating goods, by any means, but they are filling in their stocks, which have become somewhat ragged after months of hand-to-mouth buying. This is noticeable especially in cotton piece goods, the demand for which in some cases has caused a stiffening of the markets, the withdrawal of certain lines and a tendency toward advancing prices. In the retail field business is good, but buyers are conservative, are rather keen in the hunt for bargains and insistent on values. The business of the large mail order houses is not coming back nearly so fast as that in other quarters, and here, it is believed, is noticeable one of the chief practical manifestations of the farmer's resentful mood over the decline in the price of his products which he regards as disproportionate. Forces of these mail order houses have been reduced fully 50 per cent. They have written down inventories severely, and still the figures are high. They are not buying and probably will not until their present holdings are very much reduced.

The steady increase in savings deposits continues to be a surprising feature of the financial situation. It is evidently only another phase of the spirit of thrift and economy which is noticeable in the attitude of buyers generally.

Manufacturing has been curtailed considerably, but there are some reports of a resumption of activity. Automobile-making is at about 25 per cent. of capacity. The larger steel plants are running 85 per cent., but mostly on old orders, and the smaller concerns are not doing so well. There has not yet been any material reduction in prices, but there is no doubt that figures much lower than are current would be quoted if any considerable amount of business offered. The independent companies have started plants after several weeks idleness on a wage basis about 20 per cent. lower than formerly.

Building is almost at a standstill. Prices of many different kinds of material have been reduced, but brick and steel hold up. Wages, on the surface, show no change from the \$1.25 hourly basis, but individuals in substantial numbers are disposed to accept work at lower figures when they can get it. Grand jury investigations and threats of prosecution hold out some hope of relief in the material and labor situation, but the outlook for a change that will permit activity in the spring on a large scale is not reassuring.

CONTINENTAL AND COMMERCIAL
NATIONAL BANK, CHICAGO

Arthur Reynolds, who has been first vice-president of the Continental and Commercial National Bank, Chicago, Ill., since 1915, was elected president of that institution at the annual meeting in January, succeeding his brother, George M. Reynolds, who becomes chairman of the board and in this capacity continues his active connection with the bank.

Arthur Reynolds has been president of the Continental and Commercial Trust and Savings Bank since 1918 and president of the Continental and Commercial Securities Company since 1919, so that now he is president of the three component parts of the bank. He is also chairman of the board of the Des Moines National Bank, director of the Mercantile Bank of the Americas, the Asia Banking Corporation, Foreign Bond and Share Corporation, Elgin, Joliet and Eastern Railway, Chicago, Lake Shore and Eastern Railway, and the Banco Mercantile y Agrícola of the Argentine Republic. He has served as a member of the Currency Commission of the American Bankers Association, chairman of the Federal legislative committee, chairman of the executive council, first vice-president and president, having been elected to the last-named position in 1913.

Mr. Reynolds is a native of Iowa, his birth occurring at Panora in that state in 1868. His early life was passed on a farm, and after securing an education he entered the Guthrie County National Bank at Panora, becoming assistant cashier in 1889 (in which year he was also elected Mayor of Panora), and cashier in 1893. Two years later he was elected cashier of the Des Moines National Bank, and in 1897 succeeded his brother as president when the latter went to Chicago to become associated with the Continental National Bank.

From the time of his election as cashier of the Des Moines National Bank until he left that institution to become first vice-president of the Continental and Commercial National Bank Mr. Reynolds had the satisfaction of seeing the deposits grow from \$550,000 to \$8,000,000.

Mr. Reynolds has delivered a number of addresses before bankers associations and other important bodies, and is justly regarded as an authority on banking and business affairs generally. Besides being one of the foremost bankers of the country, he is noted for his interest in public affairs and for a



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The First National Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

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Chairman of Board Continental and Commercial
National Bank of Chicago



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ARTHUR REYNOLDS

President Continental and Commercial National
Bank of Chicago

helpful attitude toward the younger men in the banking business. His popularity is widespread and thoroughly deserved.

Incidentally it may be observed that his advance from farm boy to the presidency of one of the country's great banks quite strikingly illustrates the possibilities which are still open to those who have the qualities of industry, integrity and practical vision.

The elevation of Arthur Reynolds created a vacancy in the roster of vice-presidents, and Dan Norman, assistant cashier has been elected to the junior vice-presidency. He entered the service of the old Commercial National Bank in 1893 and assumed the position of assistant cashier when that bank was merged with the old Continental National in 1910.

ELECTED PRESIDENT OF BANK ON BIRTHDAY

Congratulations are being generously extended throughout the stockyards district to Hartley C. Laycock, who was elected presi-

dent of the Peoples Stock Yard State Bank of Chicago, Ill., 47th Street and Ashland Avenue, on January 12, to succeed R. J. Schlesinger, who was elected chairman of the board and who will continue his active connection and duties with the bank.

CONTINENTAL AND COMMERCIAL NATIONAL BANK KEEPING STAFF FIT WITH AID OF ATHLETICS

Employees of the Continental and Commercial National Bank of Chicago, Ill., now take their exercise systematically in the office building at South LaSalle and West Adams Streets. On the twenty-second floor of the bank building is a space 70 by 40 set aside as a gymnasium for their use.

A gymnasium instructor, George W. Sonnenleiter, is at the head of the recreation work, which starts at 4:30 o'clock, after banking hours, and extends through the evening. Mr. Sonnenleiter has been at the task for three months, following a general awak-

ening in industrial bodies in this work of keeping the employees fit. In that time he has had an eight team indoor ball league in operation, as well as women's classes, in which fifty-six women have taken part.

A basket ball league is in process of formation and four teams have entered to play a regular schedule.

Older men of the bank are also taking part in the athletics. There is regular gymnastic work for all employees, in addition to the games arranged under the direction of an athletic association.

The senior class takes its workout on Wednesday nights. About 178 men take exercise under this plan and the interest is said to be keen.

OFFICE IN CHICAGO FOR THE EQUITABLE TRUST COMPANY

The Equitable Trust Company of New York has announced the opening of an office in Chicago. The office will be located in the National Life Building, 29 South LaSalle Street.

D. L. DeGolyer has been appointed man-



DONALD L. DE GOLYER

Manager Chicago Office Equitable Trust Company
of New York



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ager of this office. Mr. DeGolyer has been associated with Chicago banking organizations since 1908. He resigns from John Burnham & Company to accept his present position. W. E. Hart has been appointed assistant manager. Mr. Hart has been for a number of years the middle western new business representative of the trust company.

The company has installed a private wire to its main office in New York. This office



The City National Bank, Galveston, Tex.
(Occupied October 1, 1920)

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The NATIONAL CITY BANK *of* CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice President
S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

has been established in accordance with the company's policy of co-operating with the local banks and investment dealers of the middle west.

FIRST NATIONAL-FIRST TRUST MEETING

At the annual meeting of the stockholders of the First National Bank of Chicago and First Trust and Savings Bank of Chicago, Ill., the members of the board of directors were re-elected without change.

At the meeting of the directors, R. Frank Newhall was elected vice-president and cashier of the First National Bank, having previously occupied the latter position. O. C. Brodhay, formerly assistant cashier, was made assistant vice-president and assigned to division B in the bank's official organization.

A. B. Johnston was appointed assistant cashier and Walter Lichtenstein was appointed executive secretary. Dr. Lichtenstein was also appointed to the same position on the official staff of the First Trust and Savings Bank.

NATIONAL CITY BANK OF CHICAGO

At the annual meeting of the stockholders of the National City Bank of Chicago, Ill., C. I. Pierce, president of the Big Creek Coals, Inc., was elected a director. Mr. Pierce is a native of Illinois and has been prominently identified with the coal mining industries for many years. He is a member of the Chicago Club, Union League Club and the Chicago Athletic Association.

The directors of the National City Bank added to their official staff two assistant cashiers, Albert E. Bassett and W. P. Tatge. Mr. Tatge has been connected with the National City Bank for fourteen years, and for several years has served as chief clerk of that institution.

Mr. Bassett came to the National City Bank in 1915 and has been manager of their credit department for more than a year. From May, 1917, to September, 1919, he was in military service and was first lieutenant in the army, serving overseas for more than a year.

Net profits of the bank for the year 1920 amounted to \$450,421.83, to which should be added \$280,259.87 undivided profits as of January 1, 1920, making a total of \$730,-

681.70. Out of this amount \$200,000 was paid in dividends, the regular dividend of 8 per cent. and an extra 2 per cent dividend, 10 per cent. being paid in all. A balance of \$530,681.70 was carried forward.

CHARLES G. DAWES RETIRES AS PRESIDENT TO BECOME CHAIR- MAN OF BOARD

Charles G. Dawes has resigned as president of the Central Trust Company of Illinois in Chicago, Ill., which he founded in 1902. He was immediately elected chair-



CHARLES G. DAWES

Chairman of Board Central Trust Company of
Illinois in Chicago

man of the board of directors, and Joseph E. Otis, first vice-president, was chosen to succeed him in the presidency.

Mr. Dawes stated that the change was being made in accordance with a plan inaugurated by himself several years ago.

"As a matter of fact," he said, "it is really a change in title instead of a change in work. I'll be here right along as before."

LIVE STOCK EXCHANGE NATIONAL BANK OF CHICAGO

The statement of condition at the close of business on December 29, 1920, of the Live Stock Exchange National Bank of Chicago, Ill., showed resources of \$24,239,-250.83. The surplus is \$1,000,000; undivided profits, \$292,670.78, and deposits of \$15,986,950.74.

HEAD OF FEDERAL RESERVE BOARD TO ADDRESS BANKERS

W. P. G. Harding, governor of the Federal Reserve Board, will visit Chicago for the purpose of addressing the members of Chicago chapter of the American Institute of Banking on the occasion of their twentieth annual banquet. Mr. Harding is known as a stalwart in the American Institute of Banking, and is credited with being the founder of the Birmingham chapter of the organization. The American Institute of Banking now has over forty thousand members, of which Chicago chapter contributes over three thousand. On account of the commanding position of the Federal Reserve Board in the world finance of today, Mr. Harding's visit at this time is looked forward to with a great deal of interest.

STATEMENT OF THE NATIONAL BANK OF THE REPUBLIC

The National Bank of the Republic, of Chicago, Ill., at the close of business December 29, 1920, showed resources of \$41,-306,689.13. The surplus is \$1,000,000; undivided profits, \$803,263.40, and deposits, \$27,688,283.48.

CHICAGO BANK CHANGES

Among the important Chicago year-end bank changes should be noted the following:

Peoples Stock Yards State—Hartley C. Laycock elected president to succeed R. J. Schlesinger, who was elected chairman of the board of directors.

First National—R. Frank Newhall elected vice-president, O. C. Brodahy elected assistant vice-president, Walter Lichtenstein elected executive secretary.

Union Trust—C. B. Hazlewood elected director.

Northern Trust—Charles S. Dewey elected vice-president, Lamson H. Date elected assistant secretary, C. M. Nelson elected assistant treasurer.

National City—C. I. Pierce elected director. Cosmopolitan State—Edward J. Brundage elected director.

Fort Dearborn National—R. T. Forbes and F. A. Poor elected directors.

North Avenue State—John T. Emery and Russell Hawkins elected directors.

Lawndale National—Joseph J. Salat elected vice-president.

Greenebaum Sons Bank and Trust—M. S. Rosenwald elected director.

Lincoln State—Marcus Nierman elected director.

Peoples Trust and Savings—Phillip K. Wrigley, Henry L. Stout, and Joseph T. Ryerson elected directors.

Southwest State—R. W. Hawkins elected vice-president.

Great Lakes Trust—William A. Nicol elected director.

Kimbell Trust and Savings—Charles Jarchow and William O. Olsen elected directors.

Irving Park National—John J. Walsh elected vice-president.

Austin National—William F. Hayes and George A. Hughes elected directors.

Kenwood Trust and Savings—Eugene E. Ford elected vice-president.

Lincoln Trust and Savings—Edward Hage-
lin elected director.

Kaspar State—Adolph Karpen and William C. Schreiber elected directors.

Capital State Savings—Curt Teich elected director.

Foreman Brothers Banking—Alfred K. Foreman and Gerhard Foreman elected vice-presidents and directors.

National Bank of Republic—Oscar H. Swan elected vice-president and William C. Freeman elected assistant vice-president.

University State—Lee A. King elected cashier.

Union Bank—Henry G. Hart elected director.

Sheridan Trust and Savings—Henry G. Saal elected director.

Interstate National—Claude Collins elected director.

Second Northwestern State—A. J. Kowalski, Jr., elected director.

Market Trust and Savings—Frank A. Hecht elected director.

Northwestern Trust and Savings—F. G. Heuchling elected vice-president; A. J. Kowalski, Jr., elected director.

West Town State—Robert R. McCormick and Mathias Wenzler elected directors.

Chicago Title and Trust—Charles L. Bartlett elected vice-president; Sherman C. Spitzer elected vice-president; Henry J. Tansley elected secretary.

Mechanics and Traders State—Warrington D. McEvoy elected secretary.

State Bank of West Pullman—H. N. Wallace elected director; Dr. G. H. Hovnanian elected vice-president.

West Side National—Charles W. Silver elected director.

Hamilton State—First election: Charles E. Kanaley chosen president; Roy P. Roberts, vice-president and cashier. The directors are Messrs. Kanaley and Roberts, Emil W. Carlson, Byron V. Kanaley, Donald R. Wegg, Edward H. Bagley, C. J. Guderyahn, F. W. Cooper, Otto Heuer, and Charles E. Kanaley.

Harris Trust and Savings—George P. Hoover resigned as vice-president and was elected chairman of the executive committee.

Halsted Street State—John E. Traeger elected director; Henry Kloese elected cashier.

Security—A. E. Suter elected vice-president; J. M. Lenz elected director; N. B. Collins elected cashier.

Second Security—J. M. Lenz elected director.

Ogden Avenue State—Frank X. Rydzewski and Fred C. Dierking elected directors.

Stockmen's Trust and Savings—Michael K. Sheridan elected director.

Southwest Trust and Savings—Charles P. McNellis elected director.

United State—Carl Lundberg elected president to succeed Simon Heck, resigned; Frank A. Putnam elected director and cashier.

Jefferson Park National—Fred H. Esdohr



Out in the Northwest

A BANK with resources
of over \$100,000,000

—the leading financial institution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

elected president to succeed George M. Hayes, R. D. Andrews elected cashier.

First National of Englewood—S. H. Noble elected director.

Drovers Trust and Savings—Fred N. Mercer and Murray M. Otstott elected directors.

West Side National—T. M. Silver and James Ford elected directors; Frank J. McCable appointed secretary.

Mutual National—J. L. Thompson elected director.

THE MERCHANTS LOAN AND TRUST COMPANY

The statement of condition of the Merchants Loan and Trust Company of Chicago, Ill., at December 31, 1920, showed resources of \$147,140,391.18. The surplus is \$10,000,000; undivided profits, \$1,017,112.62, and deposits, \$92,127,061.99.

CONDITION OF OHIO BANKS

Resources of the 767 banking institutions subject to state supervision, as shown by returns made to the Superintendent of Banks under his call for a report of condition at the close of business December 31, 1920, totalled \$1,518,679,471, exceeding by more than \$231,000,000 the aggregate resources of these institutions at the corresponding time of the preceding year.

This growth, augmented to a certain degree by the absorption during the year of several national banks by state banks, establishes a new high level in Ohio banking history and places the state fifth among the commonwealths of the Union in banking resources. New York, Massachusetts, Pennsylvania and Illinois are the only states now leading Ohio in such resources.

CLEVELAND TRUST COMPANY

The growth in deposits of the Cleveland Trust Company during the past twelve years is shown in the following table:

December 31, 1908.....	\$21,149,728.45
December 31, 1913.....	30,131,159.27
December 31, 1918.....	58,517,598.35
December 31, 1919.....	84,617,248.62
December 31, 1920.....	103,346,055.28

Total resources on December 31, 1920, were \$120,152,453.16.

I. W. BAKER JOINS FINANCIAL ADVERTISING AGENCY

I. Webster Baker, advertising manager of the Guardian Savings and Trust Company of Cleveland, has resigned to join the organization of William Elliott Graves, financial advertising agency of Grand Rapids and Chicago.

Beginning March 1, Mr. Baker will direct the planning and production of all copy for the agency's many bank clients throughout the United States. He will be located temporarily in Grand Rapids, where the organization has its printing and publishing connections; but within the year he will have permanent offices in Chicago.

He has been with the Guardian Savings and Trust Company six years, and head of the advertising department the past three years. Under his direction the advertising



I. WEBSTER BAKER

has attracted wide attention, bring in much new business and calling forth favorable comment in Cleveland and other banking centers. He introduced the hand-painted colored poster as an effective factor in bank publicity, and he developed an extensive advertising service which is released without charge to customer banks. Many distinctive and resultful booklets and brochures advertising various banking services have been planned and written by him.

He is one of the five men on the committee on publicity which is now conducting a nation-wide campaign for the trust company division of the American Bankers Association. This publicity in leading weekly and monthly magazines will educate millions of people regarding the useful functions of trust companies and will ultimately increase the business of the 700 member banks participating in the campaign.



There are two times
when you need an ac-
count with the Commerce

*1st: When you have surplus
funds*

2nd: When you haven't

When you have surplus funds, you need a safe place
to deposit. Our invested capital for your protection
is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need
a place to borrow. Our resources are over \$95,000,000
—and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

ANOTHER CLEVELAND BANK MERGER

Negotiations have been completed for the
Guardian Savings and Trust Company of
Cleveland to take over the National Com-
mercial Bank. The merger will give Cleve-
land its third financial institution with up-
wards of \$100,000,000 in resources. The Na-
tional Commercial is one of the oldest banks
in the city, its original charter dating from
1864. Stockholders of the National Com-
mercial Bank will meet February 24, and
those of the Guardian Savings and Trust
Company, February 28, to ratify the merger.

UNION TRUST COMPANY, CLEVELAND

At the close of business on January 18,
the Union Trust Company of Cleveland,
Ohio, had total resources of \$310,743,615.70.
This company is a consolidation of the fol-
lowing six Cleveland institutions: The Citi-
zens Savings and Trust Company, The First
National Bank, The Union Commerce Na-
tional Bank, The First Trust and Savings
Company, The Broadway Savings and Trust

Company and the Woodland Avenue Sav-
ings and Trust Company. The complete
statement follows:

RESOURCES

Loans and Investments.....	\$235,839,226.77
Secured Advances to Trust Estates	318,466.42
United States Bonds and Certificates	5,732,474.04
Cash and Due from Banks...	24,222,726.82
Due from Federal Reserve Bank	25,048,511.26
Real Estate and Buildings....	9,297,864.92
Other Resources	363,147.01
Overdrafts	108,071.02
Commercial and Travelers' Letters of Credit.....	3,258,626.20
Customers' Liability on Ac- ceptances	6,554,501.24
	\$310,743,615.70

LIABILITIES

Deposits	\$226,474,696.14
United States Government Deposits	613,461.92
Bills Payable and Rediscounts	36,762,539.50
Unused Letters of Credit...	3,274,845.62
Acceptances Executed for Cus- tomers	6,554,501.24
United States Bond Account	1,502,150.00
Other Liabilities	995,400.00
Unearned Discount and Re- serves	676,197.64
Capital and Surplus.....	33,000,000.00
Undivided Profits	889,823.64
	\$310,743,615.70

C. E. SULLIVAN HEADS CLEVELAND BANK

Colonel J. J. Sullivan has been chosen chairman of the board of directors of Central National Bank Savings and Trust Company of Cleveland, Ohio.

E. W. Oglebay, a vice-president, was elected to chairmanship of the trust committee, while C. E. Sullivan was elected president.

The newly elected president was president of the Superior Savings and Trust Company until its consolidation with the Central National Bank, January 1. He then retained office as vice-president of the National Bank. All other members of the official staff were re-elected to office.

Colonel Sullivan, founder of both the Central and Superior banks, thirty-one and fifteen years ago respectively, has been actively identified with banking in Cleveland since he entered the financial field. This was when he became an examiner of national banks. He was one of the leaders in the movement to bring the Federal Reserve Bank's fourth district headquarters to Cleveland; and also founder of the Bankers Club of Cleveland. He also has served in several official capacities with the American Bankers Association.

THE FIRST NATIONAL BANK IN ST. LOUIS

At the annual meeting of the stockholders of the First National Bank in St. Louis, Mo., all officers were re-elected, and James M. McCleave was added to the official staff in the capacity of assistant cashier. No new directors were elected.

PAUL O. DAUDT MADE ASSISTANT CASHIER

Paul O. Daudt, manager of the transit department of the National Bank of Commerce in St. Louis, Mo., has been made an assistant cashier. E. G. Kehde was elected to the official position of auditor. These promotions reflect not only the high regard in which Messrs. Daudt and Kehde are held by the management of the bank, but, likewise, the importance which the transit and auditing departments play in the affairs of the modern financial institution.

There were no other changes in the list of officers and directors of the National Bank of Commerce.

N. T. WAGNER ELECTED VICE-PRESIDENT OF ST. LOUIS BANK

Natt T. Wagner, who was recently elected director and vice-president of the Mortgage Trust Company and director of the Mortgage Guarantee Company, went to St. Louis two years ago, immediately upon his retirement from the U. S. Army service, to take charge of the new bond department of the old Third National Bank, which was organized at that time. Mr. Wagner is a na-



NATT T. WAGNER

Director and Vice-President Mortgage Trust Company of St. Louis

tive of North Carolina, was educated at the University of North Carolina, and was in charge of the bond department of the Bankers Trust Company of Denver, Colo., when he entered the service at the beginning of the late war. Since the consolidation of the Third National Bank with the St. Louis Union Bank and the Mechanics-American National Bank. Mr. Wagner has held the position as manager of the bond department of the First National Bank. Under the affiliation of the Mortgage Trust Company with the First National Bank, Mr. Wagner will continue as manager of the bank's bond

department while occupying the position as vice-president and member of the board in the Mortgage Trust Company.

MARVIN HOLDERNESS PRESENTED WITH CUP

Marvin E. Holderness, vice-president of the First National Bank in St. Louis, was presented with the Melville L. Wilkinson Cup by the St. Louis Advertising Club on January 21, at a special dinner given by



Melville L. Wilkinson Cup presented to Marvin E. Holderness, Vice-President First National Bank in St. Louis

the club to the national advertising commission of the Associated Advertising Clubs of the World and the board of directors of the Financial Advertisers' Association which met in St. Louis on that day.

For several years M. L. Wilkinson, president of Scruggs, Vandervoort & Barney Dry Goods Company, has offered a cup to the member who has been most successful



A Bank of Confidence

The most valuable asset of this bank is the sincere confidence of the many business houses, banks, and individuals who comprise our clientele, and this confidence is based on service rendered. At the present time, particularly, our patrons are profiting by this faith. They find in the counsel, guidance, and practical co-operation of this powerful institution, an anchor amply strong for their business ship.

Capital and Surplus

\$15,000,000.00

Total Resources

\$170,000,000.00



in helping materially to make the vigilance work of the club a success. Mr. Holderness was president of the St. Louis Advertising Club during the year of 1920.

The following inscription appears on the cup: "For outstanding work in Vigilance as applied to Truth-in-Advertising."

FIDELITY NATIONAL BANK AND TRUST COMPANY OF KANSAS CITY CHANGES

In the January election at the Fidelity National Bank and Trust Company of Kansas City, Mo., Albert H. Smith, assistant cashier, was advanced to the position of cashier, to fill the vacancy made by the resignation of J. F. Meade, former cashier.

Mr. Smith, although still young in years, has had an extensive banking experience in Kansas City; in fact, his entire business life



J. C. WILLIAMS

Vice-President Fidelity National Bank and Trust Company of Kansas City, Mo.

has been spent in Kansas City banking institutions.

He began as a boy with the Union National Bank, then located in the Sheidley Building, and during his twenty years in Kansas City banks his business association has been with practically the same bankers. When the Union National Bank consolidated with the National Bank of Commerce, Mr.

Smith remained with F. P. Neal and assisted him in the organization of the Southwest National Bank. Later that institution consolidated with the National Bank of Com-



ALBERT H. SMITH

Cashier Fidelity National Bank and Trust Company of Kansas City, Mo.

merce under the name of Southwest National Bank of Commerce.

When the National City Bank of Kansas City was begun, he helped with its organization and became an assistant cashier with it. When the merger between that organization and the Fidelity Trust Company was effected as the Fidelity National Bank and Trust Company, he became an assistant cashier of the latter. Thus all of the changes he has heretofore made have been because of mergers and like changes in institutions with which he was at the time connected. Mr. Smith, because of his excellent practical knowledge of banking and especial familiarity with local financial conditions, is unusually well qualified for the important post to which he has been advanced.

J. C. Williams was advanced from the position of assistant cashier to a vice-presidency at the January election of the Fidelity National Bank and Trust Company. His particular activity will, as heretofore, be the out-of-town bank department, with increased responsibility therein.

Mr. Williams had his start in a banking

career in 1912, when he began as a collector for the Bank of Commerce of Springfield, Mo. He made rapid advancement and was elected assistant cashier in 1914; cashier in 1916, and vice-president in 1917.

After his discharge from the army in January, 1919, he came to Kansas City as assistant cashier of the National City Bank, going upon the official staff of the Fidelity National Bank and Trust Company as assistant cashier at the time of the merger of the National City Bank with the Fidelity Trust Company.

Mr. Williams has become well acquainted with the bankers of the Southwest through his faithful and regular attendance at bankers' conventions in Kansas City's territory.

BANK OF COMMERCE TAKES OVER VAULTS OF MORTGAGE TRUST CO.

The National Bank of Commerce in St. Louis recently took over direct management and control of the safe deposit vaults and boxes which heretofore have been held under a lease by the Mortgage Trust Company.

The vaults are in the bank's building at the corner of Broadway and Pine Street, known as the Federal Reserve Bank Building. According to officials of the bank, the main vault is the largest single vault in the United States.

The vault contains 8,700 steel boxes. It is planned eventually to increase this number to 30,000. The vault measures 63 by 28 feet inside and the ceiling and walls are lined with three-inch drill-proof chrome steel plates. It rests on a concrete foundation ten feet deep and is surrounded by walls and a top of twenty-four inches of steel reinforced concrete. The outside doors of this vault are fifteen inches thick and each weighs twenty tons. The vault is absolutely fire-proof, water-proof and water tight.

NATIONAL BANK OF COMMERCE IN ST. LOUIS

The statement of December 29, 1920, of the National Bank of Commerce in St. Louis, Mo., shows no rediscounts or bills payable, a remarkable showing for these days. The total resources are \$83,483,928.62; deposits, \$61,810,112.81, and surplus and profits of \$5,339,181.71.

"YARDS" WORKERS SAVING MONEY

The statement of the Peoples Stock Yards State Bank of Chicago, Ill., shows that the workers in the Union Stock Yards are in-

Extract from the
New York Herald, February 2d, 1921

BOYS HOLD UP 14 IN BANK; GET \$30,000

Batter In Doors of Chicago Institution as Rush Hour
Crowds Pass.

ESCAPE IN MOTOR CAR

Each of Five Youths Held Two St
Guns, Overpowering Bank
Employees.

Special Despatch to THE NEW YORK HERALD, CHICAGO, Feb. 1.—Seven "two-gun" bandits, most of them in their teens, kicked down the front doors of the Kenwood Trust and Savings Bank early to-day in view of a rush hour crowd, overpowered five men officials and nine women clerks and looted a teller's cage of more than \$30,000.

Without firing a shot they backed out of the bank in perfect order and escaped in an automobile they had left at the entrance. Before any one of the scores of witnesses had re-

For (Approximated) \$3500

This Hold-up would have been **Impossible** if THE KENWOOD BANK had been Equipped with Our **BULLET PROOF GLASS** and **OTHER PROTECTIVE APPLIANCES**

For Estimates Address:

**BANKERS PROTECTIVE
APPLIANCE CORPORATION**

**5 Columbus Circle
New York City**

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

creasing their savings balances with remarkable steadiness; a condition that is the strongest possible indication of fundamental soundness in the industrial situation in Chicago.

Over the holiday season, or in the thirty-nine business days between the call on November 15 and the last, on January 3, 1920, savings deposits in that bank increased \$944,000, or nearly 10 per cent. of the banks

total savings deposits; and in the period preceding, from September 8 to November 15, 1920, the increase was \$671,000, a showing equaled by very few banks anywhere in the city.

CONDITION OF LIVE STOCK NATIONAL BANK OF OMAHA

The report of the condition of the Live Stock National Bank of Omaha, Neb., at the close of business December 29, 1920, showed resources of \$9,091,152.77. The deposits are \$6,364,089.87; surplus, \$250,000, and undivided profits, \$69,890.69.

FIRST WISCONSIN INSTITUTIONS OF MILWAUKEE

At the annual meetings of the First Wisconsin institutions of Milwaukee, which include the First Wisconsin National Bank, the First Wisconsin Trust Company and the First Wisconsin Company, investment securities, officers and directors were re-elected. Charles M. Morris and Douglas McKey were added to the trust company directors, and E. R. Ormsby was appointed an assistant cashier of the bank. Oliver C. Fuller is president of all three institutions.

NORTHWESTERN NATIONAL BANK AND MINNESOTA LOAN & TRUST COMPANY OF MINNEAPOLIS

The statement of the Northwestern National Bank of Minneapolis, Minn., showed resources at December 29, 1920, of \$70,345,024.34; surplus, \$2,000,000; undivided profits, \$1,464,220.12, and deposits of \$46,651,726.23. The Minnesota Loan and Trust Company, which is affiliated with the former bank, had resources of \$9,227,274.38. The surplus is \$800,000; undivided profits, \$252,657.35, and deposits of \$7,093,245.32. The combined resources of the two institutions amount to \$79,572,298.72.

Be a Winner

Keep Your Liberty Bonds

The subscriber who holds his bonds will not lose a dollar.

Market fluctuations do not change the intrinsic value of Uncle Sam's securities or affect his interest payments.

[Liberty Bonds and Victory Notes

—backed by the nation's strength
—are the world's premier investment.

Buy All You Can Afford

at current advantageous market prices.

Government Loan Organization

120 Broadway

New York

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana,
Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

MORE progress in improving financial conditions was recorded the past month in the Western states than in any other month of the crop year which opened last July. Business in general improved only slightly, if at all, being affected by the reduced purchasing power of farmers and laborers. Abnormal weather was also unfavorable to general business. So far as sentiment is concerned, the cities of the Western states witnessed a turn for the better, but there was little change in the grain, live stock and cotton-growing districts.

Wheat contributed more toward the relaxation of the strain in money than any other commodity. It is a noteworthy fact that Kansas City received more wheat in January than in any other month of the present crop year, the arrivals exceeding even those of last July and August. The winter wheat states never before marketed so much wheat in January. In the spring wheat states, too, there was an increased and comparatively heavy movement. The grain was sold by farmers who, it appears, have become reconciled to the lower market. Happily, a large demand from Europe permitted the prompt absorption of the offerings, thereby avoiding accumulations at the terminals receiving wheat. The limited purchasing power of domestic distributors restricted competition and resulted in a receding market in the face of the large export business. Argentine loomed more and more as a serious competitor with her new wheat crop, and there are now indications of some contraction in European buying in the United States.

As the Western states last year produced a heavy crop of corn and other feedstuffs, bankers had hoped that the sale of these products would add materially to the liquidating ability of farmers. However, bankers have been disappointed in this hope. The demand for corn is very light at the lowest prices since 1913. Except for the facilities of the future market, which is being attacked

by a few legislators at Washington, it is doubtful if the corn that is being sold could be disposed of by producers. Speculators are buying corn futures, while elevator operators are finding it profitable to acquire the cash grain, which is at a discount under the speculative market, and hedge with sales of the futures. Thus, the future market is the principal outlet for marketings of corn by farmers. This does not speak well for the condition of the corn trade so far as the price outlook is concerned. Oats, hay, cottonseed and linseed feed products are also depressed, with prices extremely low. However, the super-abundance of feeds, together with the mildness of the winter, prevented at least the drain on banks of past winters. In recent years large areas of the West have found it necessary to borrow heavily to finance purchases of feedstuffs to maintain live stock. Such borrowing is absent this winter, for which bankers are thankful.

More discouragement is manifest over the live stock industry than at any other time since the close of the European war. Further declines have been recorded in cattle, sheep, horses and mules, while hogs have held about steady. Cattle are at the lowest prices since the early part of 1916. Sheep and lambs are at the lowest level since 1915. Feeders of cattle and sheep are suffering large losses, and the winter probably will close with scattered failures among the handlers of this stock. The sheep feeders of Colorado alone face a loss of between \$3,000,000 and \$5,000,000. It is not uncommon to find lambs which cost \$13 per hundredweight in Colorado feedlots when thin selling after a long feeding period at only \$10 at Kansas City, Omaha and Chicago. The cotton states are still out of the mule market, with the result that dealers are carrying animals on feed with almost no hope of any outlet this season, even at declines of \$100 to \$125 a head from the prices which they paid more than six months ago. This reflects the reduced purchasing power of the South. The trade in meat animals is affected by unemployment at industrial centers and the apparent refusal of retailers

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Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

Manufactured by Southworth Company, Mittineague, Mass.

SOLE AGENTS FOR NEW YORK

F. W. ANDERSON & CO.

INCORPORATED

34 Beekman Street, New York

to mark their prices down to correspond to the changes in wholesale quotations. It is fortunate for feeders that credit was restricted last fall, as the current supplies of fat cattle in particular are in excess of the demands of the trade. Spring transactions in preparation for summer grazing are expected to be small, as almost no deals have thus far been consummated. Bankers are feeling the weakness in live stock markets through slower liquidation of loans by those engaged in feeding and breeding operations.

Plans are being made by farmers for spring seeding, but cautiousness is generally apparent. Implement distributors are making very small sales, owing in part to the fact that their prices have been only fractionally reduced in the face of the sensational drop in the markets for farm products. It is already clear that the wages of farm laborers will be lowered. Range interests who have been hit by the depression in live stock and wool are also cutting wages. With the possible exception of cotton in Oklahoma, the areas sown to crops are hardly likely to be sharply reduced. If the present excellent condition of winter wheat is maintained, there will be a minimum of abandonment of the area sown to that crop last fall. The winter wheat plant is so promising that selling of the old crop is being encouraged among farmers.

In mercantile lines it is noticeable that those dealing with the classes not directly related to farm and live stock activities are freer buyers than the agricultural interests. The cities of the Western states which rank high as markets for farm and live stock products are experiencing less unemployment than industrial centers and small towns on account of the fact that a large portion of their population is engaged in the sale of the consignments of grain and live stock coming from farms and feedlots. Retail trade in general is quiet. The mail

order houses are obtaining so little rural business that they are active in offering their wares to buyers in cities in competition with established department stores.

Oil prices underwent general declines, but the petroleum industry is still weak, pointing to further recessions. Refineries are reducing purchases at the lower prices, thereby forcing suspension of crude production and halting many drilling operations. Normal gasoline accumulations are not being made by refiners. Copper, lead, zinc and coal mining activities have slackened further, especially in the case of coal. Lumber is slightly more active, but prices are little changed. The supply of railroad equipment exceeds the demand. Agitation for lower freight rates persists.

Banks are not yet in a position which makes them feel that they are ready for spring demands for credit. An uncertain element in this connection is the approach of the annual March 1 settlements. Returns from crops have been so small that many farmers probably will find borrowing necessary to meet commitments. Large reserves of crops are still available for liquidation, but it is already evident that many loans will not be retired until the proceeds of another harvest become available.

A careful analysis of the credit situation of the Western states would undoubtedly reveal that a liberal share of the improvement noted by bankers is the result of the record volume of business being enjoyed by farm mortgage bankers. Many farmers are resorting to the farm mortgage loan market to obtain long-time funds to finance current expenses and also to retire notes at their banks. The scarcity of short-time funds is even prompting some farmers and ranchmen to place mortgages against their land for periods of five or more years to raise money for the purchase of cattle. The East is a good buyer of farm mortgage paper,

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) \$1,000,000
Total Resources (Over) . \$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

but is taking live stock loans in very limited volume even at 8 per cent.

It cannot be said of the Western states that they are on a strike in markets. Retail and wholesale trade, for example, is light either because there is an absence of the wherewithal for buying or because the merchants are asking prices not in line with the commodities the West produces. The state legislatures now in session are attempting far less radical legislation than feared last fall. One of the most radical measures proposed provides for the guaranty of all state bank deposits in Kansas. Established marketing organizations such as boards of trade and live stock exchanges are finding that, as the understanding of producers as to the causes of declines in prices becomes general, agitation for visionary schemes of distribution disappears. The losses of farmers who have been misled by organized campaigns to withhold crops for higher prices are contributing toward a growth of conservatism and a decline in discontent.



GROWTH OF DENVER BANKS

One year's growth of the banks of Denver, Colo., based on the first and last calls of

the comptroller of the currency, is shown by the following:

At November 15, 1920: total deposits, \$160,-877,653; total resources, \$188,437,596; surplus and profits, \$8,896,454; capital stock, \$8,050,000.

At February 5, 1920: total deposits, \$145,-297,193; total resources, \$167,972,972; surplus and profits, \$7,174,833; capital stock, \$7,700,000.

Increase: total deposits, \$15,580,460; total resources, \$20,464,624; surplus and profits, \$1,721,621; capital stock, \$350,000.

NEW BANK IN RANDELL, KANSAS

The Randell National Bank of Randell, Kansas, has been organized with a capital of \$25,000. The president is C. A. Crawford, and cashier, R. H. Parsons.

NEW BANK FORMED IN NEW MEXICO

The National Bank of Gallup, New Mexico, has been organized with a capital of \$50,000. The president is F. B. Mapel, and the cashier, George W. Fowler.

FIRST NATIONAL BANK ORGANIZED IN OKARCHE, OKLA.

The First National Bank of Okarche, Okla., has been organized in that city with a capital of \$25,000. The president is F. W. Wiedey, and cashier, Roy Wallace.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

IN spite of a continued hesitancy in buying, retailers during the past month have unloaded considerable stock, and although many wrote off considerable losses, yet a general foresight and preparedness for this inevitable turn discounted most of these in advance. The wholesale and jobbing trade is still quiet but the replenishing of depleted stocks by retailers should shortly afford better trading. Collections are reported fair to good. Considerable unemployment is in evidence on the Coast, many factories working with reduced forces.

Heavy rains, except in southern California and Arizona, have favored fall-sown grains. Movement of crops in the Pacific Northwest is about as restricted as ever but gradual improvement in conditions is expected as Spring approaches. Lumber shows an increase in operations, production being about 65 per cent. below normal now. The wool market is also beginning to show some life and small quantities are being moved, although the greater percentage of this crop, as well as the cotton of southern California and Arizona, is still in the hands of the growers or held on consignment for them in the warehouses.

Heavy, well-packed snowfalls in the mountains insure a plentiful supply for hydroelectric power and a prevention of the recurrence of a power shortage such as prevailed last year.

Real estate is more active, building operations for commercial purposes being in particular evidence. The speculative element is entirely absent, most transactions representing permanent investments.

In view of the uncertain business outlook, investment demand has been remarkable. Besides participations in over a hundred million of large corporate issues several large Pacific Coast State and municipal issues have found a ready distribution.

California State banks entered the year stronger in resources by \$176,679,000 than when they faced 1920. During the past

twelve months they increased their capital, surplus and undivided profits over \$35,000,000; their loans by upwards of \$150,000,000, and their bond investments by over \$25,000,000. Deposits gained over \$146,000,000.

Banks of California have been singled out as a possible source of revenue in the face of the necessity of the State's raising an additional \$15,000,000 through taxation. They are affected by a provision which will increase their taxes twenty-nine cents on each one hundred dollars of capital and surplus. The "corporation tax" measure, as it is called, passed the Senate but failed of passage in the Assembly, and now Governor Stephens in the Legislature recess, has gone before the people campaigning direct in favor of its passage. John S. Drum, president of the Mercantile Trust Co., and of the American Bankers Association, and Jesse B. McCargar, vice-president of the Crocker National Bank, and president of the California Bankers Association, personally plead the cause of the bankers before the legislature, and reminded the legislators that the banks are being called upon to face a situation unparalleled in the world's history and in which they would have to bear heavy burdens during several years of readjustment.

Hawaii has had a most prosperous year, both in the sugar and the pineapple industries. Naturally, this is reflected in the banks. Deposits of the three largest Honolulu banks increased 45 per cent. during the past year, and while it is reasonable to expect some shrinkage in deposits unless a higher price is obtained for sugar it will be nowhere in proportion to the increase as the growers are in good financial condition and able to weather a period of low prices.



ANNUAL MEETING OF THE MER- CANTILE TRUST COMPANY

Stockholders at the first annual meeting of the Mercantile Trust Company of San Francisco, Cal., since the merger of July, 1920, re-elected the outgoing directors and

filled the vacancy caused by the resignation of S. Waldo Coleman by naming R. M. Welch.

On the election of officers, a number of promotions were announced. H. B. Hunter was made assistant vice-president; A. C. Truman, assistant secretary; Edward Dolch, assistant manager of the foreign exchange department; J. H. Clendening, superintendent of vaults at the main office, and J. B. Cook and H. L. Whipple, assistant superintendents of vaults at the Savings Union branch.

The bank reported a very prosperous year. Total deposits, as of December 31, 1920, were \$61,484,786.

CHANGES IN SEATTLE BANK

The directors of the National Bank of Commerce of Seattle made the following changes in the personnel of the institution at the annual meeting. Robert S. Walker, who heretofore held the dual position of vice-president and cashier, was relieved of the cashiership by the promotion of I. W. Bedle from assistant cashier to cashier; E. W. Brownell was made assistant vice-president, and J. L. Platt was advanced to assistant cashier.

LOS ANGELES BANK MAKES PROMOTIONS

Terminating the most prosperous year the Guaranty Trust and Savings Bank, Los Angeles, has had during its thirty years of steady growth, the bank enlarged its official staff in order to handle the ever-increasing amount of business.

The first promotion was that of John Veenhuyzen as vice-president. Mr. Veenhuyzen, well known among bankers and lawyers of California, was born in Java, Dutch East Indies, and educated in Holland, where he graduated from the University of Agriculture, and there attained the degree of Doctor of Agriculture, being the youngest graduate in the history of that institution to acquire this degree. In 1897 he came to America as a representative of a syndicate that was interested in beet sugar production, to study the industry, and being profoundly impressed with the wonderful opportunities offered by the United States, he promptly took out citizenship papers. During the first eight years in America he was engaged as chief chemist for the American Beet Sugar Company. He later studied law and was admitted to the bar. In 1904 he entered the

employ of the Guaranty Bank, where in 1911 he became the head of the trust department organized at that time, a position he still retains in addition to his new office of vice-president.

E. B. Pentz, who has been with the Guaranty Bank since 1917, was made assistant trust officer. Born in Iowa, Mr. Pentz came to California while still a boy, and has made that state his home, with the exception of four or five years which were spent in the state of Washington, during which time he attended high school. After graduating from high school he returned to Los Angeles, where he entered business, and after eleven years of service with the Title Guarantee and Trust Company he became associated with the Guaranty Bank.

Edward Everett was also promoted to the office of assistant trust officer. Before coming to the Guaranty Bank, Mr. Everett had practiced law for several years in Illinois and served with the Washington Title Insurance Company of Seattle and the Security Trust and Savings Bank of Los Angeles.

Coleman Young was elected to the official staff of the Guaranty Bank as auditor. He has been connected with the bank since 1912.

Howard N. Martin was officially elected manager of the bond department. Mr. Martin has been at the head of the Guaranty bond department since its organization in October, 1919.

In recognition of his services in a legal capacity for the bank, Ray F. Church was made counsel, also retaining his former title of trust officer which he received four years ago.

At a meeting of all employees of the bank, Dr. M. N. Avery, president of the Guaranty Trust and Savings Bank, spoke of the remarkable progress the institution had made during 1920, when over 20,000 new depositors were obtained and the net gain in deposits was \$3,696,000. An Employees' Profit Sharing Plan was inaugurated one year ago by the stockholders and board of directors of the bank under the leadership of Dr. Avery. Under this plan the employees were paid during 1920 over \$120,000 in addition to their salaries. This bonus payment averaged about \$725 for each employee who participated.

BANKERS CONVENTION TO BE IN LOS ANGELES

G. E. Bowerman, executive manager of the American Bankers Association, has left New York for Los Angeles, California, to

make arrangements for the annual convention of the bankers, which is to be held in that city in October. The bankers convention is always one of the most important gatherings of the year, both with regard to attendance and the value to the business world of the convention's opinions, and this year's plans contemplate making the Los Angeles convention one of maximum usefulness to the business of the country. Before going to Los Angeles, Mr. Bowerman will go to San Francisco to confer with John S. Drum, who is president of the association.

All of the special trains running from central points for the comfort and convenience of the delegates and their families will make stops at places of unusual interest.

Los Angeles considers itself fortunate in having secured this convention, and committees are already at work there planning for the event.

NEW BANK FOR SANTA ANA, CAL.

The American National Bank of Santa Ana, California, has been recently organized with a capital of \$200,000. The president is J. G. Mitchell, and cashier, John E. Bermann.

BUREAU OF ECONOMICS CREATED IN CALIFORNIA

The Bureau of Economics, created to make exhaustive studies of the economic requirements of California and to look into the financing and needs for adequate development of public service organizations, has been thoroughly financed and set up in Sacramento. The findings of this bureau will be placed from time to time before the banks and financial houses of the state.

The newly created bureau has been assured the full support of the public service organizations of the state, which have agreed to throw open their books and statistical records for the furtherance of the proposed studies.

D. M. Reynolds, of Pasadena, who becomes the managing director of the bureau, thoroughly understands the methods for obtaining and disseminating information of this type. During the war he was in charge of this work for the United States Council of National Defense in Washington, and served the Council in the allocation of labor and materials to industry throughout the United States in the building up of the war machinery. He is still the representative of the Council of National Defense for the territory west of Chicago.

Mr. Reynolds is thoroughly acquainted

with California conditions, especially in connection with utility and transportation companies. At the present time he is director of research for the First National Bank of Los Angeles and the Los Angeles Trust and Savings Bank.

WILLIAM F. MORRISH TO BECOME VICE-PRESIDENT

William F. Morrish, vice-president of the First National Bank of Berkeley, California, has resigned, effective February 1, to become vice-president of the Security Savings Bank of San Francisco.

Mr. Morrish, who is very well known to California bankers, has spent seventeen years in the service of the First National Bank, serving in all departments and successively



WILLIAM F. MORRISH
Vice-President Security Savings Bank of San Francisco, Cal.

as assistant cashier, cashier, and vice-president. During this term of years he has seen the bank grow until it and its allied institutions the Berkeley Bank of Savings and Trust Company, have together over 35,000 depositors and aggregate total resources of nearly \$20,000,000.

The Security Savings Bank recently increased its capital from \$500,000 to \$750,000.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE turn of the year finds a decidedly more hopeful tone in the financial and business situation throughout Canada, although there is considerable unemployment in the industrial centers and investigation indicates that there must be further adjustment in an extensive way in retail prices before they are in a line with deflated commodity values. This promises to be attended by trade problems, but reports from all parts of Canada in answer to a questionnaire sent out to branch bank managers by *The Financial Post*—to which about 800 replies have been received—indicate that stocks are in good shape even though prices are being kept up, and that comparatively few failures are anticipated.

That Canada is passing through the period of deflation without a crisis, despite her long participation in the war and attendant financial burdens, and her large agricultural assets upon which a lower valuation must now be placed, is becoming more and more evident as time passes. If prosperity did not attain the heights here that it did in some sections of the United States, it is quite apparent that there has not been the same sudden reaction and sacrifice of values indicated by reports from the large American centers. And the Canadian banks are given credit for being the dominating factor in maintaining stability. Their policy has been to bring about a gradual readjustment rather than drastic deflation. That they have been able to accomplish this is regarded as a tribute to the branch bank system.

Canada's banks, few in number, have hundreds of branches spread from coast to coast. The policy in one community is related to a general policy applying to the whole country. The result is that no one community is boomed at the expense of another and there is a constant relationship between various far-separated districts as regards money supply. Then, through the Canadian Bankers Association, there are periodical conferences of the heads of the banks for discussion of general policy. By

this means interest rates do not rule the supply and demand of money. They change but little. Money is either tight or easy, as the supply and demand fluctuates, but the control is one of expediency rather than of price. Thus, instead of business being inflated with dear money, the banks months ago started to curtail inflation by refusing loans for other than productive purposes at any price and by co-operative effort kept the situation pretty well in hand.

The heavy strain came when the western wheat crop came on the market and it was found that there was small demand from overseas. This, coming at a time when it was expected to get at least 75,000,000 bushels quickly to Europe and the money back into circulation, created a difficult situation, but, as has been previously explained, the high rate of exchange and the demand for hard wheat in the United States provided a solution. Since then many of the manufacturing industries have felt the shock of the readjustment storm and have weathered it successfully, and now it is largely a question of reaching a healthier level as between producer and consumer. A revival of business activity should result as soon as this basis of values can be reached.

That the efficiency of the Canadian banking system was clearly demonstrated in the manner in which the finances of the country were handled during a most trying period, and with practically no serious disturbances, was argued by C. A. Bogert, president of the Canadian Bankers Association, at the annual meeting of the Dominion Bank. Institutions with small capital and operating in restricted areas could not possibly carry on so successfully during times of stress, if compelled to employ their funds in the same area as that in which they were obtained. For instance, he pointed out that, notwithstanding the scarcity of money, the loans in the agricultural provinces of Alberta, Manitoba and Saskatchewan had increased \$90,000,000 during 1920.

Mr. Bogert referred to the Fordney bill as vexatious and discouraging in its bearing upon the Canadian agricultural industry; he considered the policy ill-advised. It would

result in a decrease in Canada's buying power in the United States.

That the policy of the banks had been to have the readjustment of prices take place as gradually as possible, was emphasized by W. G. Gooderham, president of the Bank of Toronto, at the annual meeting. In the United States, pressure had taken a more vigorous form and there had been forced sales on a large scale as the result.

Opposition to the establishment of a system of barter between nations, in order to develop international trade, was recorded at the annual meeting of the Banque d'Hoche-laga by General Manager Beaudry Leman. "Shall the world have been educated to the universal use of instruments of credit," he asks, "only to revert to a system whereby machinery is exchanged against foodstuffs, wood against clothing, and clothing against fuel? Under existing conditions," he added, "gold cannot fulfill its functions of settling international balances, and has a trying time in trying to prop up the fiduciary circulation in a large number of countries."

The importance and necessity of a readjustment of retailers' prices to a basis of present values was emphasized by Sir Edmund Walker, president of the Canadian Bank of Commerce, at the bank's annual meeting. He urged that all prices "whether of commodities or of labor" be reduced to a more reasonable basis; the effect of the world's lower prices for farm products was already plain to all. And "when this readjustment has reached the retail shop, and a new basis of values has been generally accepted, a genuine prosperity will arise throughout the world in which we shall have a large share."

Sir Edmund intimated that if the United States puts a tariff barrier against Canadian products, then Canadian purchases in the United States would have to be curtailed accordingly. In dealing with the question of taxation he advocated a turnover tax of one per cent. on sales, and criticized the excess profits tax from an economic and business standpoint.

The policy which the banks have been following in curtailing commercial credits was particularly emphasized in the bank statement issued in January. The reduction during December was more than \$56,000,000; in November the contraction was \$27,500,000, and in October there was a curtailment of \$12,000,000. The result was a total reduction from the high mark of \$93,500,000. However, as such loans, which totalled \$1,301,804,302, were still nearly \$95,000,000

larger than at the corresponding time a year before, there are indications that further contraction is in order and that the banks have not been drastic in bringing about deflation.

Current loans outside Canada expanded nearly \$15,000,000 during December, and foreign deposits were increased by \$5,000,000. It should be pointed out, however, that total deposits outside Canada are just about double the \$184,000,000 which has been loaned. The reduction of call loans outside Canada by \$6,700,000 and the increase of Canadian call loans by \$6,200,000 would seem to provide food for reflection on the part of students of international stock markets.

Loans on government securities were cut down comparatively little, but advances from the government were reduced by over \$17,000,000, which may be regarded as a healthy sign. At the same time municipal loans were reduced \$9,500,000 and holdings of public securities by \$5,500,000. A reduction in circulation of \$5,500,000, a reduction of Dominion notes held by \$13,000,000, and increases of \$9,500,000 and \$13,000,000 in deposits in banks of the United Kingdom and foreign countries, respectively, were other interesting changes.



ABOUT FOUR HUNDRED NEW BANK BRANCHES OPENED IN 1920

There was a gain of nearly 400 new bank branches in Canada in 1920—442 offices were opened and 54 were closed. This would seem to be a pretty effective reply to the argument that the consolidation of banks in Canada and supposed elimination of competition results in curtailed service to the public. Following are figures by months.

1920	Opened	Closed
January	48	4
February	38	1
March	59	4
April	49	3
May	49	5
June	36	1
July	36	4
August	32	3
September	16	3
October	33	3
November	21	8
December	25	15
	442	54

MANITOBA RURAL CREDITS ASSOCIATION AND THE BANKS

George Proutt, ex-member of the Manitoba legislature, who is known as the "father" of the Rural Credits Association

Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department
Standard Bank of Canada
TORONTO

Resources over - - - - \$100,000,000.00

of that province, has recently been telling in the East of the "success" of the venture. Regarding the relations of the association with the banks—relations which have to a large extent been severed because of different opinions as to the interest rate to be paid for funds—he has been checked up by C. A. Bogert, president of the Canadian Bankers Association. Mr. Bogert calls attention to Mr. Prout's statement that "the banks refused to grant the loans at 7 per cent., but that the government now was operating the act and financing the loans successfully" and continues:

"The facts are that under the Rural Credits Act of Manitoba members of Rural Credit societies are to obtain loans from the banks, if the banks see fit to lend, at a 7 per cent. interest rate, but the banks are, by the act, obliged to return one-seventh of the interest collected to the society of which the borrower is a member, the net rate to the lending bank being thus 6 per cent. per annum, not 7 per cent. as your report would indicate.

"For three years, beginning with 1917, the banks, being anxious to assist in the movement, made loans on this basis, though objecting to the rate received for money lent being fixed by statute at 6 per cent. In 1920, when even Provincial Government credit for public loans was on a higher basis than 6 per cent., the banks again objected to the fixed statutory 6 per cent. rate, but said they would lend again to members of the Rural Credit societies during 1920 on the 6 per cent. return to them if the government would undertake to repeal the clause in the act fixing the net rate to the banks

at 6 per cent., thus leaving the rate for the future, as in all other lending transactions, to be settled from time to time at what the fair value of money might be. This the government refused to do, and instead passed legislation enabling the government to take money on deposit for the purpose of financing the members of the Rural Credit societies."

CHANGES IN NATIONAL FINANCING INDICATED IN DOMINION BANK REPORT

Important changes in the accounts of the Dominion Bank, as the result of financial relations with the government, are indicated in the annual report. The holdings of Dominion Government securities by the bank were reduced by nearly \$3,700,000 during the year, this being accompanied by an increase in the bank's obligations to the government of \$2,000,000. Liquid position was maintained largely by increasing holdings of Dominion notes by over \$2,200,000. Loans on public securities were reduced by over \$3,375,000, call loans in Canada by \$1,700,000 and current loans outside Canada by over \$500,000, so that while total assets were reduced by \$4,241,826 a substantial increase in current loans in Canada was enabled.

Funds in the hands of the bank in the shape of deposits were considerably reduced, there being a decline of over \$17,000,000 in demand deposits as the result of the withdrawal by the Dominion Government of the proceeds of the last Victory Loan. At the same time there was, however, a very gratifying increase of over \$10,500,000 in interest

The Bank of Hawaii, Ltd.

HONOLULU, HAWAII
Cable Address, "Bankoh"

Capital, Surplus and Un-
divided Profits.....\$2,223,000
Total Resources.....20,048,000

C. H. Cooke, Pres.
E. D. Tenney, Vice-Pres.
Roxor Damon, Cashier.

Encashment of Letters of Credit through
close connections on each Island, collections
promptly executed.

bearing deposits. Following are comparative
figures from the balance sheet:

IMMEDIATELY AVAILABLE LIQUID

ASSETS

	1920	1919	Change
Specie	\$ 2,092,477	\$ 1,980,843	+\$ 111,634
Dom. notes	18,052,783	15,843,726	+ 2,209,057
Note cr. dep.	309,575	304,500	+ 5,075
Notes, bk. Call loans, abroad	1,104,306	1,170,383	- 66,077
Bank bal.	5,139,899	4,698,984	+ 440,915
Do., ab'd.	1,005	3,858	- 2,853
Gov. secs.	1,881,012	1,988,043	- 107,031
Cheques	5,106,158	3,790,080	+ 3,683,922
Cheques	7,530,034	6,816,287	+ 713,747
Gold res.	4,000,000	4,100,000	- 100,000

OTHER ASSETS

Pub. sec....	\$ 9,956,981	\$ 13,334,526	-\$ 3,377,545
Other sec.	1,810,680	1,996,115	- 185,435
Call loans	7,646,420	9,352,534	- 1,706,114
Current	66,216,946	65,396,249	+ 820,697
Elsewhere	523,896	1,050,489	- 527,093
Over debts	80,914	74,567	+ 6,347
Lets. of cr.	1,823,472	1,168,405	+ 655,067
Real estate	5,409	5,469	- 60
Mortgages	19,327	22,681	- 3,354
Premises	5,631,454	5,407,180	+ 224,274
Other Assets	330,845	.....	+ 330,845

Tot. assets \$139,263,093 \$143,504,919-\$4,241,821

LIABILITIES TO PUBLIC

Circulation \$	9,159,886	\$ 9,525,809	-\$ 365,923
Dem. depos.	20,051,817	37,038,400	-17,036,583
Savings	84,889,440	74,325,657	+10,563,783
Due banks	806,717	878,911	- 72,194
Due else.	914,117	973,956	- 59,839
Acceptances	1,823,472	1,168,405	+ 655,067
Bills pay.	67,104	197,533	- 130,429
Due Dom.			
Govt.	7,000,000	5,000,000	+ 2,000,000
Other liab.	640,401	606,451	+ 33,950

\$125,352,954 \$129,765,122-\$4,412,168

TO SHAREHOLDERS

Capital	\$ 6,000,000	\$ 6,000,000	\$
Reserve	7,000,000	7,000,000	.....
Dividends	240,921	244,089	- 3,168
Balance	669,218	595,709	+ 173,509

\$ 13,910,139 \$ 13,739,798+\$ 170,341

Total liab. \$139,263,093 \$143,504,919-\$4,241,826

Profits of \$1,347,011 compared with
\$1,256,053 in 1919 and \$1,169,798 in 1918.

After making allowances for dividends, taxes, etc., \$200,000 was written off the premises account and the balance carried forward increased the surplus of profits from \$495,707 to \$669,218. Following are features of the earnings' record for the past eight years:

Year.	Profits	Div.	% on Cap.	% on Invest.
*1920	\$1,308,511	12+1	21.8	9.7
*1919	1,229,703	12+1	20.4	9.1
*1918	1,146,498	12	19.1	8.6
*1917	1,065,062	12	17.7	7.9
*1916	947,615	12	15.8	7.1
*1915	848,741	12	14.1	6.4
1914	925,364	12+2	15.5	6.9
1913	950,402	12+2	17.6	7.4

†On shareholders' funds—capital, reserve and balance brought forward at the beginning of year.

*War tax on circulation not deducted.

THE BANK OF NOVA SCOTIA

Net profits of this bank for the year ending December 31, 1920, were \$2,327,422.44, to which should be added \$704,172.88 carried forward from the last year, making a total of \$3,031,595.32, which was appropriated as follows:

Dividends for year at 16 per cent.	\$1,552,000.00
War tax on circulation to December 31, 1920.....	97,000.00
Contribution to Officers' Pension Fund	100,000.00
Written off Bank Premises Account	300,000.00
Balance carried forward December 31, 1920.....	982,595.32
	<u>\$3,031,595.32</u>

The general statement as at December 31, 1920, is shown on the opposite page.

The New York agency of this bank is at 52 Wall Street and is in charge of H. F. Patterson and F. W. Murray. The Chicago office is at 105 West Monroe Street, in charge of W. H. Davies, and the Boston office is in the Sears Building, in charge of W. Caldwell.

Bank of Bishop & Co., Limited

Established 1858

HONOLULU, T. H.

Cable Address, "Snomad"

Capital and Surplus.....\$1,733,590

OLDEST AND LARGEST BANK IN THE ISLANDS. COMPLETE AROUND THE ISLANDS COLLECTION SERVICE. PROMPT REMITTANCES.

LIABILITIES

Capital Stock paid in.....	\$9,700,000.00	
Reserve Fund	18,000,000.00	
Balance of Profits, as per Profit and Loss Account.....	982,595.32	
Dividends declared and unpaid.....	390,834.34	
	<u>\$29,073,429.66</u>	
Notes of the Bank in circulation.....		21,004,637.58
Deposits not bearing interest.....	\$39,264,930.34	
Deposits bearing interest, including interest accrued to date	145,480,914.92	184,745,845.26
	<u>205,750,482.84</u>	
Balances due to other Banks in Canada.....		1,317,462.85
Balances due to Banks and Banking Correspondents in the United Kingdom		141,631.74
Balances due to Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom.....	1,606,231.41	
Bills Payable	409,728.90	
	<u>209,225,537.74</u>	
Acceptances under Letters of Credit.....		1,405,415.88
		<u>\$239,704,383.28</u>

ASSETS

Current Coin	\$13,002,785.77
Dominion Notes	21,126,075.25
Notes of other Banks.....	3,469,230.40
Cheques on other Banks.....	10,190,089.83
Balances due by other Banks in Canada.....	350,000.00
Balances due by Banks and Banking Correspondents in the United Kingdom..	3,873,992.57
Balances due by Banks and Banking Correspondents elsewhere than in Canada and the United Kingdom.....	2,998,271.44
	<u>55,010,445.26</u>
Deposit in the Central Gold Reserves.....	12,750,000.00
Dominion and Provincial Government securities, not exceeding market value....	13,343,226.81
Canadian municipal securities and British, Foreign and Colonial public securities other than Canadian, not exceeding market value	20,232,222.20
Railway and other bonds, debentures and stocks, not exceeding market value....	3,419,407.14
Demand loans in Canada secured by grain and other staple commodities.....	15,183,998.73
Call and demand loans elsewhere than in Canada.....	16,528,512.76
	<u>136,467,812.90</u>
Call and demand loans in Canada secured by bonds, debentures and stocks.....	6,012,415.09
	<u>\$142,480,227.99</u>
Deposit with the Minister of Finance for the purposes of the circulation fund..	492,822.75
Loans to governments and municipalities.....	2,445,219.06
Other current loans and discounts in Canada (less rebate of interest).....	73,103,489.00
Other current loans and discounts elsewhere than in Canada (less rebate of interest)	13,942,283.10
Liabilities of customers under Letters of Credit, as per contra.....	1,405,415.38
Overdue debts, estimated loss provided for.....	107,295.82
Bank Premises at not more than cost, less amounts written off.....	5,202,069.08
Real Estate other than Bank Premises.....	133,908.23
Other assets not included in the foregoing.....	391,652.37
	<u>\$239,704,383.28</u>



A Brazilian-American Chamber of Commerce

ON November 19, 1920, a meeting of representatives of various firms and bankers of New York was called at the rooms of the New York Chamber of Commerce to discuss the financial and commercial difficulties that had arisen between commercial firms of the United States and of Brazil. At that meeting

it was decided that there should be in New York some organization capable of discussing commercial questions between Brazilian and American firms which would be qualified to take steps to remedy conditions such as those that exist to-day.

For this purpose a committee was

appointed to discuss ways and means of forming such an organization, and this committee went into session on November 22, 1920, at which meeting a sub-committee was appointed to organize and place in operation in this city a Brazilian-American Chamber of Commerce.

The latter committee has met several times and after considerable work on the proposition, have formulated a proposed constitution and by-laws, a budget and a plan of operation for a Brazilian-American Chamber of Commerce. There remains but the launching of the project to place this Chamber of Commerce on a working basis.

The purposes for which the present organization is to be formed are as follows:

1. To facilitate commerce and trade between the United States of Brazil and the United States of America.
2. To promote trade interests existing between individuals and firms of the two countries aforesaid.
3. To foster and to advance trade relations between the two countries aforesaid according to just and equitable principles and methods.
4. To encourage sound and safe investments in Brazil by Americans and in the United States by Brazilians.
5. To disseminate as far as lies in its power information concerning Brazil in the United States, and information concerning the United States in Brazil.
6. To affiliate, in so far as may be mutually agreeable with the several American Chambers of Commerce in Brazil and with the Associacaes Commercias.
7. To take any proper methods to these several ends that may encourage

friendly relations between the two countries aforesaid and their people.

The special object of this Chamber of Commerce will be to maintain an office in New York where members may obtain information regarding Brazilian firms, especially as to their financial standing; information as regards the requirements of the Brazilian Government on consular invoices; information regarding tariffs and custom house regulations in Brazil, as well as general information covering trade opportunities, credit systems and methods of distribution of American products in Brazilian markets. The deficiency of information concerning these matters caused by the lack of any organization such as this one has been the principal source of misunderstanding in the commerce between the two countries, and it is generally felt that if no steps are taken leading to the foundation of a Chamber of Commerce in New York, through which American firms may be led to understand the Brazilian point of view commercially, the expansion of the American foreign trade in Brazil will be greatly hampered.

This sub-committee has consulted various organizations in Brazil on the question of the formation of the proposed Chamber of Commerce and the proposition has met with their enthusiastic approval. The following have written the committee, expressing their desire to see the Chamber successful, and expressing their belief that such an organization is necessary, especially at this time: His Excellency, A. de Alencar, Ambassador from Brazil to the United States; The Associacao Commercial de Sao Paulo (Chamber of Commerce of Sao Paulo); American Chamber of Commerce for Brazil; L. S. Rowe, director-general Pan-American Union, and various other prominent persons and organizations.



THE 377 BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

MARCH 1921

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Disarmament

THERE undoubtedly exists in this country a growing sentiment in favor of national and world-wide disarmament, not immediately, but a gradual reduction of military and naval expansion with that object in view. The growth of this sentiment must be applauded as an evidence of recognition of the fact that war is becoming an intolerable burden, and that some other means must be found for settling the world's quarrels.

Belief in the effectiveness of gradual disarmament rests upon the supposed analogy to what has happened in regard to citizens of individual states and localities. It is pointed out that these citizens have given up the right of bearing arms, and the attendant duty of protecting life and property, transferring this right and duty to the state or to the local authorities.

A little reflection will show that this analogy is fancied rather than actual. When the citizen of a state or locality yields up to the public his right of bearing arms for his own protection, it is because he knows that there is an organized power, which he himself helped to create, which stands ready to take over these duties. Continued assent to this transfer of responsibility depends upon the effective nature of its exercise by the community. In most civilized localities it has been found by experience that the citizen is fairly well protected by the regularly-constituted authorities, and that therefore he is warranted in relinquishing this duty himself and in delegating it to organized society. Quite recently, however, the assaults upon life and property have become so bold and frequent that the individual citizen is again demanding the right to bear arms—a right which, by the way, the Constitution of the United States declares “shall not be infringed.”

But when it is proposed that a nation shall discard the means of defending itself, the analogy in question breaks down completely. In the first place, we have no assurance of a dependable international sense of right. Should a controversy arise between Europe and the United States, involving interests vital to this country, we have no impartial tribunal to which we could turn for its readjustment with confidence that the dispute would be settled according to just prin-

ciples and not purely in the interests of Europe. We not only lack such a tribunal, but we have as yet failed to establish a clear sense of the necessity of practicing righteousness in regard to international relations in general. Until this is done, the movement for disarmament would seem premature. Lacking the means to defend ourselves, to whom should we turn for aid if attacked? The theoretical super-state does not as yet exist; and, even if it did, we should be running grave risks in entrusting our defense to a new and untried agency of this sort.

When there exists some authority of proven efficiency and trustworthiness in protecting the rights of this country, it will be time enough to strip ourselves of the means of self-defense. But until that day arrives we shall be playing into the hands of actual or possible enemies by weakening in the least our ability not only to defend ourselves from outside attack, but to uphold such policies as American statesmanship may decide upon as being essential to the country's welfare (*e. g.*, the Monroe Doctrine).

It is this duty of protecting the lives and property of its citizens which constitutes a primary and inalienable attribute of national sovereignty. This transcendent duty has been devolved upon the Government to be exercised by the representatives of the people, and the obligation is one of such vast weight that it is not lightly to be thrown aside. Our Constitution was ordained and established for the express purpose of promoting the common defense and general welfare. This fundamental object of government will have to be maintained. Unfortunately, in the light of history, and in the present disturbed condition of the world, there appears no better way of maintaining it than by being fully prepared for a resort to arms whenever the necessity may arise for the assertion of our rights.

Quite probably, also, the enthusiasts for immediate disarmament are attaching altogether too much importance to navies and armies as provocatives of war. In primitive times Cain slew his brother Abel without a modern automatic revolver, and the jaw-bone of an ass was a very effective weapon in the hands of Samson. Savages, with rude implements of slaughter, managed to make several very good killings, and long before the Chinese invented gunpowder the armies of the successive conquerors who have devastated the earth were slaying their hundreds of thousands in battle. It is true that it remained for modern civilization in the Twentieth Century to make the most ghastly and awful record of slaughter which human annals afford, but we have no sure warrant for declaring that this war was because of the preparedness of Germany and France or the unpreparedness of Great Britain and the United States.

Nevertheless, it may be true that the urge and fretfulness en-

gendered by the restlessness of great fleets and the unappeased ambitions of nascent military chieftains operate to bring about war.

But the most prolific source of war is the nomadic trait in human nature, the never-satisfied longing that, throughout the centuries, has called irresistibly to the human race to fare forth in quest of new lands and strange climes. This seemingly ineradicable propensity of mankind, racial hatred, religious prejudices, national vanity, territorial greed, personal ambition, and trade rivalries—these are the causes of war about which no dispute exists. We know these have been the real roots of every war fought from the beginning of human history until now.

We do not know, and it is nothing but an unsupported opinion, a blind guess, that any war ever started because of military or naval strength merely as such.

Why, then, should we give up that in which our security rests until these real and known causes of war are stamped out or at least diminished until their dangerous responsibilities are reduced to a tolerable minimum?

If physical disarmament can not now be approved with safety to our national interests, there is another kind of disarmament that ought to be begun with no moment of delay and carried as speedily as possible to the utmost limits—a *disarmament of the mind and heart of man of the dark passions which are always and everywhere chief among the causes which lead to war.*

We may not safely stop building battleships or training men for war. But we can be courteous and just in our dealings with other nations. We can stop right now in using harsh and insulting terms when speaking of other races and religions. We can quit hungering for new territories. We can curb the personal ambitions of our rulers. We can show that we do not regard international trade as international warfare, but a beneficent act of mutual service. We can build up in our own borders such a rule of equality for all that the desire to go to other lands to seek a better place to live will be practically unknown. We can love other nations, if not so fervently as our own, sufficiently to feel a genuine interest in their well-being.

When we shall have purged our minds and hearts of those malignant qualities through whose influence war is born and nurtured, the process of disarmament—no longer a matter of importance—will follow with the sureness that the day succeeds the night.

Meanwhile, let us remember that men do not fight because they are armed, but that they arm themselves because they mean to fight.

If the nations of the world are sincere in their efforts for peace, they must first dislodge from their minds and hearts the thoughts and the feelings in which alone war finds its refuge and support.

Our International Relations

BUSINESS is deeply concerned about the future of our relations with other countries. Until some definite policy is marked out by the new Administration, and accepted abroad, we can not rightfully expect a clearing up of our present very much confused economic situation. We are still at sea respecting our political and economic relations to the rest of the world. We have repudiated the League of Nations. Does this mean that we are to have some substitute for it, and one which the nations of Europe will accept, or does it mean that we are to pursue as heretofore a more or less independent course? We are not bound to assent to any league or association of nations, nor must we necessarily define in advance what is to be our position regarding any future international complications that may arise. It will be quite possible for us to drift along from month to month, following an opportunist policy. Such a course, indeed, might prove the wisest, though it would manifestly be disappointing to other countries which expect us either to unite with them or at least to give some intimation as to what our future course will be respecting matters which still delay the establishment of peace and which contain possibilities of grave complications in the future.

It is difficult to see how we can well avoid meeting the issues which the situation presents. Whether for good or ill, the United States has become entangled in European affairs, and can not very well evade the responsibilities thus incurred. Doubtless there are a great many people in this country who would rejoice if we were quit of the whole European muddle. They would probably be willing to cancel the debt which Europe owes us if in this way we could rid ourselves of future liabilities on European account. Simple as this way of settling a difficult situation appears, it must be regarded as impractical. When we were finally drawn into the war, our common interest with Europe was established to an extent which future years are not likely to diminish, but to augment. The common cause in which we fought, the sufferings, the victories, the problems which the conflict has left—all these influences bind us more closely together than ever. And it is likely that in working out the great after-war problems this affiliation will be still further strengthened.

Perhaps the sooner it is understood that there will be and indeed must be closer international coöperation, whatever may be its precise form, the sooner shall the nations of the world discard their suspicions and distrust, and begin to work together in a practical way for restoring the prosperity which the war destroyed.

Without being forward in its proffers of assistance, the United States must nevertheless show a readiness to help to the extent of its abilities wherever its services are needed and will be welcomed.



The World's Debt to the United States

OUR credits to the outside world now total some \$13,000,000,000, of which about \$9,500,000,000 represents bonded debt, and about \$3,500,000,000 is in floating form. On the bonded debt there was due, according to computations made as of October 15, 1920, and November 15, 1920, over \$700,494,000 unpaid interest. Notwithstanding this default in interest, some of the countries whose interest is unpaid are still borrowing heavily in the American market. It is said that the banks holding the unfunded debt are expecting that it will be converted into bonds.

The law under which the United States made advances to foreign governments provides for the funding of this debt into long-time obligations, and it would seem that for the sake of European credit and in order that our own future fiscal policy may be cleared up, the funding of these obligations should be no longer delayed. The existing uncertainty as to what is to be done with the European debt renders it difficult to maintain in this market the credit of the nations concerned, and also tends to the confusion of our own fiscal policy.

The suggestion that these debts are to be cancelled outright, or that we are to accept German obligations in exchange for them, can not be entertained. We shall expect, as we have an entire right to do, that the debts shall be paid, principal and interest, in full. It will be better for the European nations in our debt, as well as for ourselves, that existing uncertainties with respect to these debts be cleared up without unnecessary delay. If any nations are living in a vain hope that the debts are to be cancelled, the sooner this illusion is dispelled the better. Should there be any nations that either will not or can not pay, that fact should be brought out in order that such nations may be debarred from receiving further credits. It may be expected, however, that with few exceptions all the nations now indebted to the United States will pay up, provided they are given sufficient time. All needed extension of the debts must, as a matter of course, be granted. No disposition exists here to be exacting. But with a large amount of due and unfunded interest, the credit of the European nations is being greatly injured. The situation should be cleared up, not only by funding this interest, but by some clear declaration of what the policy of the European nations is to be regarding the payment of their principal indebtedness.

Future Tariff Policy of the United States

MUCH interest naturally attaches to the future tariff policy of the United States as it will be developed and applied by the Republican party and its new leader, President Harding. The party in power has long been known to favor the protectionist principle, and Mr. Harding comes from a state that furnished to the country one of the greatest apostles of protectionism, President McKinley. It must be remembered, however, that in his last public utterance President McKinley pointed out the necessity of liberalizing the tariff in the direction of reciprocity. Blaine was another upholder of a protective policy, but he also strongly championed the doctrine of reciprocity, and was indeed among the first to urge its adoption.

At the outset the protective duties were laid for the declared purpose of building up our own domestic manufactures, and also to assure employment to American workingmen. Critics of protection did not quite agree with this view, and have contended that protection was intended to give a monopoly to large manufacturers who in turn expressed their appreciation of this favor by making liberal contributions to the Republican campaign fund.

No doubt the policy of protection was justified where our manufacturers had to compete with those of countries having cheaper labor or other advantages in the way of certain raw materials and more efficient marine transportation. To-day, however, these differences have been largely overcome by the high development reached by American machinery and the great skill which our workers have shown. It may be quite true that these results have been produced to a considerable extent by the encouragement to the manufacturers which the protective tariff afforded.

But our industries are no longer infants needing special protective supports. They are full-grown. Our labor is in general highly paid. Our mechanical equipment is at nearly all points thoroughly modern.

These changes, important as they are, do not constitute the chief reason for studying the protective policy with a view to its possible modification. Of far greater importance is the fact that we have ourselves become a large exporter of manufactured articles and that we have changed from a debtor to a creditor nation. If we are not only to continue our manufactured exports but to enlarge their volume in accordance with the present and future capacity of our industrial plants and to an extent which will give free scope to our enterprise, we must not only be assured of a sufficient supply of raw materials not produced at home, but we must even quite largely exchange our own manufactured articles for those of other countries.

This is peculiarly the case at the present time when Europe's ability to make payments for goods bought from us—to say nothing of interest and principal of loans due us from that quarter of the world—depends upon the capacity to export goods to the United States.

If we view the matter purely from the standpoint of protecting the American workingman, it must be seen that we can not keep our factories going at anything like their full capacity unless an outlet for our surplus production is maintained. This fact was thus tersely stated in a recent address by Percy H. Johnston, president of the Chemical National Bank, New York:

"The most serious obstacle confronting us in the present situation is the fact that our productive capacity is geared up to about thirty per cent. more than our home consumption. Our national prosperity will be measured by our ability to develop stable foreign markets for our surplus production."

Now, a policy that tends to close our factories and thus to throw our workmen out of employment can no longer justly be described as "protective." The advocate of a prohibitory tariff may shout as loud as he may that he is a "protectionist," but in reality he is a "destructionist."

Then there is the question of our ships. We are expending some billions in the effort to develop an American mercantile marine. These ships are designed to carry our products to all the countries of the earth—a very laudable ambition. But what are these ships to bring back? Does anybody think for a moment that they can make a profit by carrying a cargo in one direction only?

The future tariff policy of the United States is a matter of vital concern to our national prosperity. It is an economic question, and may be openly discussed without partisan bias. In the light of changed conditions, a thorough study of the subject may reveal the fact that the true interests of the country call for material changes in our tariff policy.



Delay in Fixing Germany's Indemnity

NEARLY all financial authorities are agreed that one of the essentials of the early resumption of more normal business activities is the fixing of the amount of indemnity to be paid by Germany as partial compensation for the ruin brought upon the world when that country invaded Belgium in the summer of 1914. The bill presented by the Reparations Commission, amounting to 226,000,000,000 gold marks, payable over a period of forty-two years with interest, will amount to about \$55,000,000,000. In addi-

tion Germany is asked to pay during this period an annual export tax of twelve per cent. As was to be expected, the German Government declares this amount as quite beyond its ability to pay. A conference was called to meet at London at the end of last month for further discussion of the matter.

The method of settling the indemnity is causing quite as much controversy as the amount involved. As Mr. Lloyd George has pointed out in his picturesque way, everybody realizes that Germany can only pay through her exports, and nobody wants German goods. The disinclination to receive German goods is especially strong among the nations that are to receive the indemnity.

Very likely, in the long run, some means will be found for extracting from Germany the utmost farthing she is capable of paying, and all subterfuges resorted to for the purpose of escaping payment will but tend to make the burden heavier for that country and postpone the restoration of more stable financial conditions throughout the world. As to what amount of indemnity is just and possible of being collected, this is a matter for expert determination. It may turn out that the sum named, although in itself a reduction from earlier demands, represents rather what the Entente Allies would like to have than what they expect to receive.

If it shall be found, upon more careful consideration, that the sum is excessive, doubtless the allied nations themselves would benefit by the advantage gained in having the sum so fixed as to remove once and for all this troublesome question from the international economic and financial field.



Salaries and Stealing

IN a case recently arising in the United States Court at Chicago, involving the stealing of \$96,500 from an Illinois bank, Judge

Landis, in suspending sentence on the accused clerk, took occasion to place the responsibility for the crime upon the defrauded bank, because it was paying the dishonest clerk only \$90 a month. The case has attracted wide attention, and proposals for impeaching Judge Landis have been made in Congress.

With the propriety of the judicial act of Judge Landis in suspending sentence in this particular case THE BANKERS MAGAZINE has no concern. But it may be observed that he was acting entirely within his prerogatives, and he may have used a wise discretion.

But his *obiter dicta* may well be made the subject of careful examination.

If we admit the philosophy contained in this observation, we

come to a practical exculpation of stealing to make up the real or supposed deficiency in the salary of a bank clerk or of anybody else. This principle is wholly false. It is moreover amazing that such a dangerous doctrine should be preached from the bench, constituting as it undoubtedly does a direct incentive to the dishonestly inclined to excuse their acts on the ground of insufficient pay.

The biblical injunction against theft is without qualification. It does not say that you may steal provided your salary is small, but simply, "Thou shalt not steal."

Now, it may well be argued that dishonesty arises quite as frequently in the case of large salaries as where the pay is small. Usually it is not the man working for modest pay who goes wrong, but the fellow who gets good wages becomes a plunger and by robbing his employer seeks to gain the means of further dazzling his friends and indulging his vicious tastes. But whether this is the case or not, insufficient pay affords no justification for stealing. Plenty of examples could be cited where young men, working hard and for long hours for meager pay have found in these conditions only the incentives to more diligent efforts to better their situation rather than to rob their employers. To such young men \$90 a month would have appeared as something they hardly dared dream of.

Plenty of sound arguments can be advanced for the payment of adequate salaries to bank clerks, but the bank that expects by paying a high salary to employees to purchase complete immunity from losses by their peculations is apt to be disappointed. The integrity of the average person is not a purchasable commodity.



More Government in Business

NOT many months since the public became familiar with the cry, "Less Government in business and more business in Government." The recent passage in the Senate of a bill providing for a Live Stock Commission to regulate the business of meat packing would seem to indicate that the first part of this alluring slogan has been discarded in practice.

The justification for this new essay of the Government in private business rests upon the contention that the packing industry as now conducted represents a substantial alliance between the "big five" in the packing business for the regulation of the buying prices of live stock and the selling prices of meat. While this alliance has been denied by the packers themselves, and the denials supported by

a considerable volume of outside testimony, the Senate was not convinced by this testimony.

Another charge against the packers is that they have made a great deal of money. But in refutation of this offense the packers have produced elaborate statistics showing that on their total sales and the volume of production their profits are comparatively small.

But the packers can not truthfully refute the dreadful accusation that they have been efficient, and therefore successful. Being compelled to admit this, it is difficult to see how they can reasonably expect to escape the blight of governmental control and regulation by a commission made up of "lame-duck" politicians who know even less about the packing business than the average citizen knows about Einstein's theory of relativity.

What will be the result of turning over the meat-packing industry to a group of demagogic politicians may only be guessed at. But we know what has happened to the railways. At the beginning of last year, before the recession in business, there was loud demand for increased railway facilities. But in spite of this demand there was not built during 1920 a single net additional mile of railway in the United States. In other words, the mileage abandoned exceeded that constructed. And yet the railways can hardly be classed as private institutions, for their semi-public character is realized and the desirability of reasonable regulation conceded. But even in the case of the railways it has been shown that a policy of regulation carried on by those who are not experienced railway men is all but fatal to one of the country's most important enterprises.

The Federal Government and the states have so harried the railways by numerous and complicated laws and regulations that the investment of private capital has been seriously discouraged and several of the great railway corporations actually threatened with bankruptcy. The efficiency of the railways has been menaced, and both freight and passenger rates have been advanced to a point which threatens to curtail the volume of traffic.

From this experience in regulating the railroads it may be fairly concluded that in time the Government will reduce the great packing industry to a similar plight.

One can but wonder, if the Government really desires to bring about lower prices of meat to consumers, why regulation should stop with the packers. Why not include the retail distributors of meats as well? Doubtless it would be shown on careful investigation that the butchers are in combination and are profiteering to an extent that would make the doings of the "big five" seem insignificant in comparison. Is Congress more tender toward the butchers because as individuals their business is small? Or is it because they are more numerous and have more votes?

And why stop with the packing industry? Why not extend

the benevolent activities of commission regulation to all provisions, to clothing, to steel and to all the big industries of the country? If such regulation is good in one case, why not in all?

We should not lose sight of the fact that should this bill for a Government Live Stock Commission become law, it will mark a further decisive step toward governmental intervention in the private business operations of the country. Nor must we forget that commissions of this character exercise such wide administrative functions as practically to make them legislative in their nature. The bureaucratic powers of the Federal Government are being more and more extended, threatening to attain, if they have not already reached, a degree which will prove harmful to individual initiative, constitute an added burden on taxpayers, and imperil the liberties of the states and of the respective communities.



A Record of Remarkable Growth

THE extent to which the trust company has come to function as an important part of the financial machinery of the United States, and of the world in fact, is strikingly revealed in the record made by the Guaranty Trust Company of New York in its twenty-five years of operation under the present title—a period which closed in January last. Although the institution had operated since 1864 as the New York Guaranty and Indemnity Company, it was not until January 2, 1896, that the present title was assumed. At the close of December in the preceding year the capital was \$2,000,000, surplus and undivided profits \$2,324,006, deposits \$11,354,014, and total resources \$15,784,999. On December 31, 1920, the capital had grown to \$25,000,000, surplus and undivided profits \$62,075,072.37, deposits \$637,353,687.55, and total resources \$923,663,338.12.

This may be styled without any exaggeration whatever a record of remarkable growth, establishing in its results a position of leadership among trust companies, and placing this institution quite near the forefront of the world's great banks.

The reasons for this progress are to be found in the adaptability of the trust company form of organization to modern business needs, in the general growth and prosperity of the United States, in the strong business alliances which the company sustains, and in the practice of a policy of wise liberality in dealing with its own employees as well as the public. It goes without saying that the company has had the advantage of having in its service some of the ablest financial and business skill of the country. The service which

the company has rendered has been comprehensive and efficient, and performed with a spirit which shows a careful regard for the interest of those who deal with it.

But aside from these elements of success, the Guaranty Trust Company has been exceedingly fortunate in building up an atmosphere of courtesy and good-will which subtly pervades all its offices and seems to add a pleasurable element to the dry routine of business.

It is suspected that this very desirable result has been achieved through the intense personal interest which the Guaranty Trust Company continuously manifests in the welfare of its more than 5,000 employees—an interest which is shown in the measures taken for their enjoyment, instruction and material welfare. In other words, the employees are not looked on merely as component cogs in a big wheel, but are considered as very live human beings, whose welfare is of vital concern.

A further important part in the great success achieved by the Guaranty Trust Company is to be found in the intelligently liberal policy pursued in regard to publicity. The services which the institution is rendering have been made known in a consistent and effective manner.

Such a record of growth is worth careful study, for somewhere it contains an example which other institutions would like to discover and make their guide.



Another Foreign Trade Bank

SURPRISINGLY rapid changes are taking place in the financial mechanism of the United States, and more especially as relates to the formation of corporations designed to render our participation in foreign trade more effective.

The latest of such corporations is the International Acceptance Bank, incorporated under the laws of the State of New York, with a capital of \$10,000,000, and a surplus of \$5,000,000, all of which was subscribed in advance of organization. Those concerned in the organization comprise a number of the well-known bankers of the country. Paul Warburg, former Governor of the Federal Reserve Board, will be chairman of the board, and F. Abbott Goodhue, vice-president of the First National Bank, Boston, will be president of the new bank.

Besides the American banks prominent in forming the bank, a number of leading European banks are already in affiliation with it, and such affiliations will be extended as required.

The International Acceptance Bank is entirely different in its

character from the Foreign Trade Financing Corporation now in process of organization, since the bank first named is to deal in acceptances or short-time credits, while the Foreign Trade Financing Corporation will devote its activities largely to providing credit funds through the sale of its debentures. In other words, one institution is a short-term credit bank, and the other a long-term or investment credit bank.

Mr. Warburg is generally recognized, both in this country and abroad, as one of the world's leading international bankers, and his prominent association with the new corporation assures its success. The character of the banks furnishing the capital is also an additional guaranty of skillful management as well as of unquestionable strength. Since so large a part of the world's foreign trade is financed through the instrumentality of acceptances, the field of operations of the new institution will be a wide one, and its operations should prove highly useful to our production and commerce, and ultimately a source of profit to the shareholding banks.

The principle of a union of banks to engage in foreign financial operations has much to commend it. In the first place larger capital can thus be secured than most individual banks would feel themselves able to provide, and a form of organization can be built up more adequate to the requirements of this special type of banking than any but the very largest of the existing banks could supply. So that by uniting for this purpose the banks interested gain a thoroughly efficient and dependable means of handling foreign banking operations greater than could well be undertaken by the individual bank.



Every Bank Its Own Teacher

Basis for Training a Bank's Employees in Its Own Methods

By Glenn G. Munn

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IN practically all lines of business the vocational training movement is on in full swing and rapidly gaining momentum. Large institutions especially have found it necessary to train their employees in *their own ways and methods*. Traditional public school education, as every business man knows, turns out a product pathetically unequipped to enter a particular line of business and to take positions of even moderate responsibility. Accordingly, specialized training is needed to make new employees—especially those without previous business experience—valuable. Business training, up to the last fifteen or twenty years, has been largely haphazard, just as it is today among most unprogressive concerns. The general trend, however, is unmistakably in the direction of more elaborate and intensive business training for employees, and banking is no exception to the rule.

Progressive banks realize the increasing importance of training employees in their particular methods and policies. The day of "hit and miss," you're-hired-here's-your-job-go-to-it methods are passing. They are too inefficient and expensive. Specialized training makes efficient and contented clerks and is, therefore, good business. It tones up the "morale" because it definitely impresses upon the employees that the management is enough interested to provide a basis for their self-development. It is as if the management said to its employees: "Here is the key to further attainment. We want you to learn the business and enlarge your sphere of usefulness. We require responsible men to fill responsible positions. It is for our good, but don't forget it is just as much for yours."

Training employees increases their effectiveness because it is certain to react upon the skill, speed, accuracy,

quantity, quality of, and intelligence with which their work is performed, not to mention increased "morale" through increased contentedness. But perhaps the greatest advantage to the bank is the by-product derivable if the training of clerks produces the expected results. The new set of conditions creates the best possible advertisement the bank can have. The reason for this is clear when we consider that a bank sells services and not merchandise. Banking services are sold at fairly uniform prices. Rates of interest, commission and collection charges, and fees for special services are upon a competitive level. Competition among banks, therefore, is not competition in rates for services, but competition in facilities and *refinements of service*. Customers are quick to recognize differences in attention and service, and having differential services is an asset upon which a wide-awake bank will very properly capitalize. With customers it is a question of how intelligently, promptly, and courteously they are treated by officers, by tellers and clerks when they make deposits, cash checks, or arrange for a loan; how accurately and promptly statements of account are submitted; or how pleasantly and intelligently requests for information and advice are answered. These refinements of service are forthcoming only when a deliberate effort is made to train employees to feel and think properly about their work—to have always in mind what reaction their conduct will have upon the bank's customers. (Banking services are produced not by machines, but by human personalities functioning well or badly in accordance with their "morale.")

By what definite program can a bank bring its employees to a high pitch of efficiency, business intelligence, and courtesy? How can a bank create a

distinctive atmosphere on its premises so that its customers feel and almost unconsciously say, "This bank is different"? Is the development of these qualities attained by chance or by a carefully planned program? Obviously, the latter.

The planning and achievement of such a program should rest with an officer or specially appointed personnel or educational director free to devote a part or all of his time in directing these activities. After the plan has been outlined, a large part of his work will be to prepare and administer the materials for properly instructing the employees. In the larger banks the problem is, of course, more difficult than in small ones, but in any institution, whether large or small, results should be obtained by the proper preparation, distribution and inculcation of the following materials:

1. A History and Policy Book.
2. Department Manuals.
3. A Rule Book.
4. A Bank Organization Chart.
5. Individual Assignment or Instruction Sheets.

A HISTORY AND POLICY BOOK

The History and Policy Book should be designed as internal publicity. It should contain an interesting sketch of the beginning, growth, and history of the bank, its purpose and function in the community, and the attitude of the management toward the employees, both as clerks and human beings. The historical material should be written with such force and style as to inspire young clerks with their possibilities of attainment. Specific examples of the rise of the various officers, from runners and junior clerks to department head, cashier, president, etc., should be cited. Stamp out the vicious implication that opportunity is dead, or that opportunity only knocks once. It should show the bank's prestige by indicating its size and position among other banks, and the function of banking in the commercial and industrial life of the community. In this way it would awaken the

clerk to an appreciation of the dignity which the profession which he has selected, enjoys. It should develop not merely a pride in being associated with the banking fraternity, but particularly with the institution of which he is a part.

Considerable attention should be devoted to the subject of courtesy and "business tone." It should outline the policy of the management with regard to the employees' relations to, and treatment of, the bank's customers. It should suggest, for instance, that a bank has a personality and that this personality is but the shadow of the personalities of the officers and clerks composing it, and that the reputation of the bank consists of the sum of judgments made of it by the public and its customers.

This book should also describe the advantages of employment with the particular institution. It may be pointed out, for instance, that the management has means for discovering merit among the employees, and endeavors to effect a systematic up-grading of employees on the basis of merit; to explain what the special opportunities are by way of educational and social benefits, "profit-sharing plan, co-operative store, insurance, if any, etc. The History and Policy Book should be presented to every employee with a view to securing his loyalty and co-operation at the very outset of his engagement. Disloyalty is often engendered because of ignorance of policies, i.e., the "closed-mouth" attitude. Loyalty of new clerks, however, must not only be gained, but maintained. Continued internal publicity is the solution to this problem.

DEPARTMENT MANUALS

Perhaps the most important feature in the training of employees is to make available to them a thorough knowledge of their own institution AND ITS WORK. To make this possible, a set of official and authoritative Department Manuals should be written, one on each of the important departments of the bank. These manuals should show how

each department of the bank functions and puts through its work; explain the type of its transactions; describe the business transactions out of which these banking transactions arise; show from what channels these transactions are received; the methods and forms by which these transactions are put through the work; the disposition of items and their routing through or outside the bank; how transactions are recorded in the detailed department records and proof, general and individual ledgers; and how they are finally reflected on the bank's financial statements. The manual should emphasize the reason for each step in the procedure as well as to show how each step is accomplished. The philosophy of transactions must be explained as well as their technique. Clerks often know "how" without knowing "why." Intelligent clerks—who get ahead—know both.

Department Manuals, while effective silent teachers, may still better be used as the basis of a course in banking within the bank, to be taught by some official or educational director who is an authority upon the banking methods of the institution, and who has won the confidence of the employees. Each new employee should be hired with the distinct understanding that he is to take this course. Upon his entrance into the bank he should be presented with the manual of the department which he enters with the understanding that he will be examined upon it at a future date.

The advantage of having Department Manuals is self-evident. The idea is perhaps newer in banking than in the larger mercantile and industrial corporations, where they are often regarded as indispensable. Department Manuals enable the clerks to learn something about the departments other than their own. It thus increases their vision. The relations between different bank transactions are more intelligible when they are understood as an integrated whole. When employees are shifted from one department to another they are already acquainted with the work of the new department and have

a background that ought to materially short-circuit their period of apprenticeship. The responsibility placed upon each employee to become thoroughly conversant with the content of each manual prevents the excuse when he blunders, that he did not know, because the means of knowing are available to all.

RULE BOOK

The Rule Book is extremely important, especially in larger banks. Practically every club, school, church and social organization has rules and regulations. Certainly banks employing 100 persons or more should have rules concerning the ordinary conditions of work so that each employee may know what is expected of him, that no discrimination between employees may arise, and no excuse for ignorance of rules may be given as an "alibi." These rules should outline the relationship of the employees to their bank, to their department, to each other, to customers, and the public, the whole idea being to maintain and develop all-round good will and cordial feeling. Among others, the Rule Book should treat of the following subjects:

1. Introduction—Explanation of the purpose of the Rule Book.
2. Office rules.
 - a. Opening and closing hours for each department.
 - b. Report of absentees and tardy employees.
 - c. Overtime work—What the overtime arrangement is. The compensation therefor, if any, should be explained.
3. Lunch Hour.
4. Holidays and vacations.
5. Salary and bonus payments—Vacation money—When paid.
6. Changes in address—How they should be reported.
7. Department—Covering such points as utilizing idle time, smoking, fooling, loud talking, etc.
8. Personal calls while on duty by visitor and by telephone.
9. Proper telephone usage.
10. Standardization in the use and appearance of desks.
11. Care of office equipment.
12. Use of Library.
13. Use of various files.
14. Page service.

15. Inter-department memoranda and "round robins."
16. Procedure in requisitioning supplies and stationery.
17. Attention to customers.
18. Relationship to Chief Clerk and assistants.
19. Care of securities—journals, ledgers, cash, etc.
20. Vault Deposit and Withdrawal Slips.
21. Preparation tickets and records for official signature.

BANK ORGANIZATION CHART

An Organization Chart is a cross section picture covering every relationship in the bank. It is a schematic survey showing department functions and interrelations, lines of authority, responsibility, communication and counsel. Its purpose is "to bring the various human parts of the organization into effective correlation and co-operation." Such a chart may be looked upon as the formation for playing the game of banking. Like any other game, the members or the players must use a definite "line-up" and understand the signals. In an Organization Chart the signals—rules for playing the game—are shown by the lines of authority which run from the president to the various members of the rank and file. In order to play the game well, there is the implication that the rules of the organization are thoroughly understood and agreed upon in advance by each member. Everyone must know from whom he takes orders or accepts responsibility, because failure to understand signals is sure to result in conflict, bad feeling, lost time, and inefficiency.

Thus an Organization Chart clarifies the function of each department, defines the duties and locates the responsibilities of each department head and his subordinates. It shows the formation by which the various parts of the organization work in harmony in order to accomplish the total result. If clearly worked out, an Organization Chart should prevent the possibility of "passing the buck."

An Organization Chart can be put to considerable use in educational work. Every employee should be acquainted

with it and made to understand it. There is no other way of presenting so clearly what part he plays and just how his work ties up with the rest of the bank. It shows him exactly what he is responsible for, to whom he reports, who reports to him, and what his natural line of up-grading is.

ASSIGNMENT SHEETS—AS REFINEMENTS OF THE ORGANIZATION CHART

Assignment sheets should be designed to outline the responsibility of the clerk. The assignment sheet should be made out by the head of the department and should be given to every new employee entering the bank or coming in from another department. Assignment sheets can be printed in blank, and assignments made for each clerk entering the department by the department head. The purpose of the assignment sheet is not only to define a new clerk's duties, but to check up from time to time the kind, quantity, and quality of work he is accomplishing. The order of the duties upon the assignment sheet may be arranged chronologically according to hours of the day that these duties are performed.

* * *

The foregoing is not intended to decry the opportunities for training in banking offered by outside schools of banking, finance, commerce, and accounts. Modern banking is a profession, and a knowledge of all its underlying sciences is essential to its successful practice. Consequently breadth of training is imperative. Employees should not confine their study of banking to methods and practices within their own institution. They should, on the contrary, not only learn the work of their own bank, but also avail themselves of the broader knowledge which these outside schools make possible.

The courses offered by many banking and business schools are of a very high order and now-a-days a wide variety of both theoretical and practical courses are open to election, enabling the student to get a comprehensive grasp of

the whole banking business. It is no part of the purpose of this article to minimize the importance of these outside agencies for training bank employees, but none of these schools can, in the nature of things, give instruction

to bank clerks in the exact methods of their own institution. To each individual bank this internal training is what counts most. To that end, a program of nothing less than that here outlined is needed.



The Daily Balance—The Country Banker's Biggest Problem

By Ray E. Bauder*

DID a daily balance ever "get your goat"?

You know it has—for how many times haven't you sworn that when the Chieftain of Hades found banking such pleasant work he invented the "off-balance" to even things up?

And when you close the doors at night and tackle the job of proving up the day's work you go to it with a prayer that to-night you will strike a balance first-shot!

Lucky-dog if you do—chances are you land \$51.60 long—or \$23.52 short.

Where it is YOU don't know. You have a feeling your own work is *absolutely* O. K.—Tom, Dick or Harry must have made a bobble somewhere!

Then begins another blind-hunt. Oh, yes, blind hunting is your favorite sport—you participate in the game nearly every night!

You recount the cash, finger the checks, foot the deposit tickets—you chew up two cigars and think harsh words for an hour and a half while you hunt, hunt, hunt!

You dig up a \$10 error on the individual bookkeeper; you discover a draft unentered on the draft register, and you find that you, the infallible, have made a simple error of \$100 in counting the cash. Still you are mysteriously short \$18.20.

An hour later you give up, weary

and defeated, and another shortage goes to the graveyard of your cash book, never to return.

* * *

The daily balance always has presented a serious problem to the country and small city banker.

In large city banks, where the work is highly departmentalized, a daily balance is a comparatively simple matter.

Everybody "waits on the window" in a country bank, however, and the cash account is a clearing house for practically every transaction in the bank.

Strange as it may seem to the banker in the larger cities very few country or small city bankers have their day's work arranged in such a systematic manner that absolute proofs can be taken quickly against any department, or errors in the daily balance spotted immediately to any such department.

All transactions are thrown in together—errors are easy to make, and equally difficult to locate. The daily balance depends entirely upon how the "cash" comes out. If "cash" balances, all is well and good, and it is taken for granted that notes, deposits and all other divisions of the day's work bal-

*This paper by Mr. Bauder won fourth prize in the contest recently conducted by the Bankers Magazine for the best papers on banking subjects.

ance as well. If "cash" doesn't balance—well, it is just another game of "blind-hunt" until something turns up.

The writer recalls many and many a time in one of these smaller city banks when all accounts were thought to be in balance, an error of \$10 or of \$100 would show up in the work of a day or a month gone by that had balanced (?) perfectly.

On one particularly memorable occasion an error of \$40 on a deposit ticket was turned up about two weeks after one of these "perfect balance" days. During the next month a half dozen errors were traced to that one perfect day, and a balance never was arrived at.

But what is known as the "cash balance" in the average country bank really is not a cash balance at all. The difference between the debit and credit transactions of the day must equal the difference shown in the cash on hand for the day. The possibility for error under this system is apparent.

The fallacy of this system—or lack of system—in the average country bank has become more and more apparent to the writer as investigation shows how widespread is this condition. As cashier of a bank in a small Illinois city he found himself burdened with an incompetent assistant. Rare was the day when this fellow struck a "cash balance," entailing as it did on the rest of the force a never ending "blind hunt."

Desperation forced us to investigation, and investigation showed us that other banks were in much the same situation as were we. Out of fifty banks queried only two reported having worked out a corrective plan and these at best were only makeshift. We were left to work out our own problem.

* * *

Recognizing the necessity for doing away with haphazard methods, and systematizing our daily work into natural, convenient and efficient lines, we finally worked out two different systems, the forms for which accompany this article. As they are founded on basic principles rather than on individual requirements

either one or the other of these methods may be used by almost any bank which does not fall within the departmentalized city bank class.

In order to quickly differentiate between these two systems, and avoid possible confusion in the minds of my readers I will state that they are two different methods entirely, and the banker whose business is suffering from the conditions noted is left to choose which of the two methods will best meet his individual needs.

CASH PROOF SYSTEM

This system requires but little effort to operate. Through its use the cash account is balanced independently, and the "variation" as shown in the trial balance at the close of the day can be divided *immediately* into "cash error" and "book error." Thus, if the teller inadvertently makes an error in his cash transactions during the day, the error shows up immediately as being in the cash, and a needless checking through purely book transactions is avoided.

The Cash Proof Sheet, illustrated by the accompanying Form 1 is maintained on the counter handy to the tellers so that entries thereon can be conveniently made.

It will be noticed that the sheet is divided into four general sections; namely, (1) Cash Received, (2) Cash Paid Out, (3) Recapitulation of Cash on Hand at Close of Business, and (4) Proof on the Cash Account. For the purpose of making the explanation as clear as possible, we will discuss the operation of the sheet by the sections indicated.

(1) *Cash received.* Whenever cash is taken in by the teller for any purpose (excepting on deposits), the amount is *immediately* entered under the proper heading—notes and interest, collections, etc. In smaller banks cash received on deposit tickets may be entered with pen and ink on receipt, but where any volume of deposits are received it is better to make these entries with an adding machine during slack periods two or three times a day.

This section is self explanatory as it is similar to the forms now in use by the majority of banks.

(4) *Proof on cash account.* The totals of the various accounts in sections (1) and (2) should be carried at the close of business to section (4) "Actual" cash carried over last night, *plus* cash received today, *less* cash paid out today, should equal "actual" cash on hand tonight as shown by the above recapitulation.

The demonstration figures shown on the specimen sheet (form 1) indicates that the trial balance is "short" \$10.58 in the day's work. However, *actual* cash is shown to be in accurate balance. The error of \$10.58 is, therefore, in some "book" transaction, which the teller *knows can be found* somewhere. This naturally relieves the teller of much worry, for otherwise he would have uselessly counted his cash and re-counted it with the lurking fear that he had made an error in paying out that much money. On the other hand had the "variation" been noted as a "cash" instead of a "book" error much unnecessary hunting through deposit tickets, checks, draft registers, etc., would have been eliminated.

This is undoubtedly the most simple method for balancing cash in a country or small city bank that could be devised for the purpose.

THE DAILY BALANCE SYSTEM

Many country and small city bankers, however, would prefer to adopt some method which will systematize the day's work of the entire bank, especially one not involving too much labor.

The *Daily Balance System* described below and illustrated by form 2, was devised by the writer after six months' study and experimentation, and is so arranged that an automatic proof can be struck against any bookkeeper or teller at any hour of the day. Within a few minutes after closing every error has been "spotted" to some particular division of the day's work. "Blind hunting" is accordingly eliminated, as

well as its attendant worries and uncertainties.

Inasmuch as this system can be used in either of two fundamentally different ways, it would be well for the individual banker to consider which of the two methods would best meet his requirements. These two methods of handling will be treated separately under the heads, (1) operation by tellers, and (2) operation by central control clerk.

(1) OPERATION BY TELLERS

General Description of Form. The specimen balance sheet shown in form 2 represents an actual day's work in a bank whose deposits on the date of this proof were approximately \$1,100,000. All window work in this bank is handled by the cashier and two assistant cashiers at three windows, each man being authorized to accept any transaction that may come to him, receiving deposits, cashing checks, accepting payments on loans, selling exchange, etc.

The sheet in this instance is placed handy to the tellers, who are not separated by cages, and entries are made thereon by all the tellers.

The "system" is based on a cross-balance principle, every entry representing a "credit" to one account, automatically becoming at the same time a "charge" to another.

Three separate drawers or compartments are maintained, one in which to slip checks and other items "deposited," a second in which to place items that are "cashed" and a third drawer in which all items are placed *after*, and only after, entries have been made on the sheet, which automatically credits the tellers and charges the bookkeeper. Bookkeepers are not allowed to take any items excepting from this third drawer. Items are taken from the "deposited" and "cashed" drawers during slack periods, footed on the adding machine by the teller or an assistant, *checked back* (it is important that all adding machine lists be checked back before entering on the sheet), entries made in their proper columns, after which items are placed in the "third"

IMPORTANT
Check back all Adding Machine
lists before entering on this
list.

	1	2	3	4	5	6	7	8	9	10	11	
	CREDITS	Checks on US	Domestic Checks	Foreign Checks	Miscellaneous Orders—All Dollars, etc.	Miscellaneous	Notes	Cash, or Dep. and Int. Paid	Bank Ledger Items—Dolls. and Cents	Cash Received	Gross Totals CREDITS	DEBITS
A	Carried Over April 1st 1941		779.14	17.85	98.53					43728.36	44980.63	44980.63
B	paid	3383.71 1148.56	4100.60 365.69	3383.84 294.36							17744.81	17744.81
C	Clearings	386.26 217.32 2077.88		2777.48						496.09	8050.63	8050.63
D	Deposited	408.27 6977.8	1138.03 1514.74	1078.37 211.53 1244.68	258.5				408.10 1591.10		17103.91	17103.91
E	Paid on Notes and Interest	51.55 26.90				500.00 850.00 1400.00			2.5		2920.80	2920.80
F	Certificates of Deposit	348.6 2.4							20.0		498.86	498.86
G	Collections and Fees	6 2703.07		150							2868.07	2868.07
H	Exchange Sold and Fees	649.15 464.59 20.0	188.45 5.33 10.0						27.5 400.00 460.00		7689.52	7689.52
J	Miscellaneous	350.00		100					20.65 57.35		114.00	114.00
K	Cash Paid Out	658.09 50.5 485.81	101.50	66.93 273.98		150.00	10.42	40.00			3318.44	3319.56
GRAND TOTALS	26348.30	4564.87	19709.23	1254.8	2500.00	14.29	11.8	46897.46				
LESS		20.55 57.35		31.35						310.50 44.00		
L	Checks and Items Returned	34.00 79.00								468.50	468.50	
NET TOTALS	26269.30	4564.87	19674.23	1254.8	2500.00	14.29	11.8	46642.96				
TOTALS	10	1181.74	217.36	1254.8	0	0	0	43722.36	45092.24	45092.24		
Checkbook	26269.30	8050.63	19456.87	0	2500.00	14.29	11.8	3319.56				
Checkbook	26269.30	8050.63	19456.87	0	2500.00	14.29	11.8	3319.56				

CASH IN VAULT	CASH ON COUNTER	ITEMS CARRIED OVER IN CASH TONIGHT	DEPOSITS
Foreign Gold Coin Currency \$1 and M Bills \$5 Bills \$10 Bills \$20 Bills Larger Bills Silver Dollars "Habesa" "Gurars" Habsas Dimes Pennies	1749.50 <u>148.00</u> 2000 1500 2500 1000 4000 1435 960 3605 Z- 343 3825	937.50 1257.50 6.55 148.50 183.50 830 100 21 Total CASH Items 1969.05	Total M-1 to M-8 (All Debt Cash Items should be included in Balance Sheet above at "M") 516.21 217.36 125.48 Dep. Tkt. Carried Over Last Night 12884.65 3749.18 1461.25 DEPOSIT TICKET FOOTINGS Total Deposits to Bankbooks Plus: Pd. Bk. on Dep. Tks. (L-R) Dep. Tkt. Carried Over Tonight Less: Dep. Tks. in Cash Last Night Enter at D-11 (Should Equal D-10)
Total Vault	M 210 S 498161	TOTAL CASH ITEMS CREDIT ITEMS: Deposit Tickets Collections General Credits Other Credits	14807.51 354.50 9.50 27.90 171.75 63.50 17109.01
DATE APR 23 1920		Variation Advt. Variation Tonight Journal Balance	(Long Short) (Long Short) M 5147.09

Form 2

drawer when they become the "property" of the bookkeepers.

The sheet is opened in the morning by entering the totals of items and cash "carried over last night" in the cross-section "A." The cross-total of these

figures is then extended and entered at "A-10." At A-11 enter the total of these items as shown on the cash book "last night." The teller is therefore "credited" with the items he has on hand, and is "debited" with the items

his cash account last night showed were carried over. A-10 and A-11 therefore must agree.

The specimen balance sheet, form 2, shows the following items "carried over:" Clearing Checks, \$979.94; Foreign Checks, \$173.60; Miscellaneous Orders, etc., \$98.63; Cash on hand, \$43,728.36, or a total of \$44,980.53, which it is shown balances with last night's figures.

Now that these totals have been entered on the sheet it will be noted that the same figures have in the *down-columns* become automatically charged against the bookkeepers handling those particular accounts, and the items "carried over" are accordingly placed in the "third," or "bookkeepers'" drawer.

Mail—Cross-section "B"—Only mail for which credit is given to correspondent banks should be entered in the section. Mail items which are remitted for same day should be considered and entered as "collections" in the "G" cross-section.

When mail is received separate letters as above, lay letters to one side and checks on one pile, as they will be when all letters have been opened. Now take this pile of checks and sort into different piles "checks on us," "clearing checks," "foreign checks," and so on per the headings as shown on the Balance or Control Sheet. Foot and take a total on each of these individual piles and then take a grand total of all piles. This grand total should of course equal the total of the letter footings. The totals of "checks on us," "clearing checks," etc., should now be entered on the sheet in their respective columns, and the cross total extended to B-10. The footings of the credits which are passed to the correspondent banks should then be entered at B-11, which should of course balance with B-10. Inasmuch as these items have in the down-columns been charged automatically to the bookkeepers, the items are placed in the "third drawer" for the bookkeepers' use. Subsequent batches of mail should be handled in the same manner.

(Note)—Whenever a bunch of checks

have been listed on the adding machine, checked and entered on the sheet, the symbol D-1, K-2, B-3, etc., should be placed at the top of the list to indicate that that list covers "checks on us, deposited," "clearing checks, cashed" or "foreign checks, mail," etc., and the list kept handy on a separate spindle. This makes differences in any one section easy to locate at the end of the day.

Clearings—Cross-section "C"—Items and settlements only, *received from other local banks* are entered in this section.

The specimen balance sheet, form 2, shows that the three other local banks delivered to us \$386.26, \$2,713.92 and \$2,077.88 respectively, in "checks on us." One bank "owed" us a balance of \$2,177.48 which they paid with a draft on Chicago, which was accordingly entered at C-3. The second bank owed us a balance of \$695.09, which was paid in cash, and entered on the sheet under "cash received" at C-9. To the third bank we owed a balance of 1,072.84, which we paid them in cash, the entry for which, however, was made under "cash paid out" on clearings in section K-2. In order to strike a balance on clearings, cross total items in section C and enter at C-10, shown on the specimen sheet as \$8,050.63, with which amount the teller handling the clearings receives "credit." He is charged at the bottom of the down-column 2 with the net clearing items delivered to the other banks, which amount should agree with C-10 and entered at C-11.

Items Deposited—Cross-section "D"—We have already stated that a special drawer should be provided in which checks and other items deposited are placed until they are taken out during slack periods, listed on the adding machine, and the totals entered in their proper columns in section D, after which the items are placed in the third, or bookkeepers' drawer. Cash received on deposits is listed in the same manner from the deposit tickets, and entry made on the sheet at D-9.

The deposit tickets themselves are taken care of in the lower right-hand corner. The tickets are listed two or three times during the day, and the to-

tals entered in the space provided. This space as shown on the specimen balance sheet is self-explanatory. The final result shows the total items and cash deposited today and should be entered above at D-11, which is the amount with which the tellers are "charged." The tellers are credited at D-10 with the cross total of all items in section D.

It will be noticed that D-10 on the specimen balance sheet shows the tellers credited with \$17,103.91, while they are charged at D-11 with \$17,109.01, or a shortage in items deposited at \$5.10. This variation will be explained later when we come to outlining the methods used for arriving at a balance on the entire day's work.

Paid on notes and interest—Cross-section "E"—You will note on the specimen balance sheet that there has been paid on notes and interest with "checks on us" three items, \$515.00, \$5.00 and \$25.80; that three notes were paid with notes (renewals) and that \$25.00 in cash was received on another one. Total notes and interest paid, showing actual items received in payment \$2,920.80. The entry at E-11 taken from the journal or general ledger entry proves that this section is in balance.

Certificates of deposit (F), collections and fees (G) and exchange sold and fees (H) are handled in identically the same manner.

However, it is well to remember that all counter transactions, exclusive of items deposited and those on which cash is paid out, should be entered to the sheet immediately after the transaction has taken place. The items can then be placed in the bookkeepers' drawer.

Cash paid out—Cross-section "K"—At least until the workings of this system have become thoroughly fixed in the minds of the tellers it would be well to stamp all items cashed with a letter "C" or some other symbol, before or immediately after the money has been passed out. These items are then placed in the "cashed items" drawer. Two or three times a day during slack periods the items are taken from this drawer, listed on the adding machine,

checked back, the totals entered in their proper columns on the sheet, and finally turned over to the bookkeepers or deposited in the special bookkeepers' drawer. Special comment need be mentioned only in regard to one item in this section—one for \$40 at K-8 over which has been written the word "Ret'd." This item was a check which came to us in the morning mail drawn on another local bank and sent to them in the "clearings." The check was found to be "no good" and was returned to us in the afternoon, our teller giving the messenger from the other bank \$40 in cash. Inasmuch as this item was charged back to our correspondent bank, the proper place to enter the transaction was at K-8. The cross total of this section entered at K-10 shows the total cash paid out during the day and accounted for, which in this case amounts to \$3,318.44. This represents a credit to the tellers. The tellers are charged in down-column 9 with the net difference in the cash for the day, which difference should be extended to K-11, shown on the specimen balance sheet at \$3,319.54, for an apparent shortage in the cash this night of \$1.10. This variation will be treated later.

Checks and items returned unpaid—Cross-section "L"—After items have been entered on the sheet and turned over to the bookkeepers, the latter will return items for various reasons. "List" totals or items which have been entered on the sheet in other sections should not be altered in any way, but the amounts of the returned items are inserted in the proper down-column in section L. The specimen sheet shows that three checks were turned back by the individual bookkeeper. Two of these checks, for \$20.65 and \$57.35 respectively, marked N. S. F., had been sent to us by a Chicago correspondent bank. Debit tickets were made covering the items, the bookkeeper given credit at L-1, and the new debits against the Chicago bank entered in the miscellaneous cross section at J-8. The third item turned back by the individual bookkeepers was a city order which should not have gone to the bookkeeper

in the first place. After the latter was given due credit at L-1 the amount was re-entered in the proper down-column at J-4. The same thing holds true with the \$35 check on us, which had been given in error to the clerk handling the foreign letters—remittances to our out-of-town correspondents. The foreign clerk was given credit at L-3 and the item was re-entered at J-1. Now the question might arise in the mind of a person just learning to operate this system, that inasmuch as both the \$1.00 and \$35.00 items were originally deposited, why weren't the entries made in section D (deposited) instead of in section J (miscellaneous)? Because its items had already been entered once in section D, and a second entry in the same section would of course throw that section out of balance.

A great many country banks have a very unbusinesslike and dangerous practice of paying money back on deposit tickets, generally without taking a receipt covering the transaction. For instance a farmer will bring in a check or checks, asking the teller to make out the ticket and to give him back an amount of cash, which the teller subtracts from the ticket itself. A few wise bankers, after bitter experience, stamp a receipt form across the ticket which they require the depositor to sign. The practice leaves a loophole for petty defalcations. More often, however, the employee is accused of this unjustly by forgetful depositors. However, as the practice is so general, we must make provision for it in our balance, which is shown in the space at L-9. The entries are made in this column at the same time the deposit tickets themselves are footed for the sheet.

Cash account—Bottom of page— The cash account shown is so similar to those already in use by the majority of banks that a detailed description would be needless here. It is also better, particularly when beginning the operation of the system, not to use the cash account form on the sheet itself, but to use your present cash book which is apart from the sheet. This suggestion is made in order to allow a second

person to make the extensions on the sheet for balancing purposes, while the teller computes his cash.

METHODS USED IN BALANCING DAILY BALANCE SYSTEM

All items in "deposited items" and "cashd items" drawers at the close of business should be footed and the totals inserted as previously instructed in their proper columns in the "D" and "K" cross-sections. These are then placed in the bookkeepers' drawer. Some banks do not post all "checks on us" same day received, and there will, accordingly, be a number of these items in the bookkeepers' drawer, as well as "clearing checks," "foreign checks," etc., carried over "in cash" until next day. These are footed in the usual way, and entered in the cash account, as usual, and also on the sheet in cross-section "M." The "net actual cash on hand today" should be entered at M-9.

Now, while one teller is counting the cash, a second person can make the extensions on the sheet, as previously suggested. He first cross-totals all cross-sections, A, B, C, D, etc., entering the resultant figures in down-column 10. He then should foot all the down-columns, 1, 2, 3, 4, etc., entering the totals thus arrived at in the "grand totals" space provided immediately above cross-section "L". Checks and items returned and "items carried over" should be subtracted, which will leave the net amount turned over to and charged to the bookkeepers. The bookkeepers are credited in the line immediately below this with the journal entries on the same items. The figures in these two last lines, debits and credits, should of course agree, and any variation will show an error in that account or department where shown. The journal debits against the tellers are also extended to their proper sections in column 11, which figures should of course agree with their respective credits in column 10.

You will notice in this particular day's work on the specimen daily balance sheet that the actual cash and the journal balance show a variation of

\$6.20 shortage. Under the old system you would begin a "blind-hunt" for \$6.20. However, a few minutes spent in closing up the daily balance sheet has "spotted" "\$5.10 of the shortage to the deposits—D-10 and D-11—and \$1.10 in the cash—down-column 9 and cross-section K." It will be noted that all other accounts, cross-sections and down-columns balance. The hunt for a balance can then be intelligently confined to these two accounts. In this particular case, having located the errors of the day to definitely known accounts it was then a simple matter to trace them down quickly. A short check-back on the "D" section adding machine lists and the deposit tickets revealed a check for \$23.00 as having been deposited as \$28.00—and received and checked by the teller as \$28.00. Under the old lack of system this error would never have been found. The other 10-cent shortage was found in the footing of a deposit ticket. The \$1.10 shortage in the cash itself was not found, indicating that an error had been made by the tellers in paying out too much money. This might have been \$10 or \$100. Still, under the old system the whole force might have spent hours in "blind-hunting" through checks, book extensions and what-not for a difference that could not possibly be found, or their energies entirely misdirected in the search.

OPERATION BY CENTRAL CONTROL CLERK

By far the most satisfactory method for operating the daily balance system is to place the sheet in the hands of a separate clerk apart from the tellers, who can, however, handle the work in conjunction with other duties. This central control clerk will in a way be in the nature of a pivot at which the work of the entire bank centers. Every item coming into the bank must pass through his hands and be entered on the records before it is distributed to the bookkeepers. This method will be found particularly desirable in the larger and more active banks.

The three drawers, mentioned in the previous section where the sheet is

operated by the tellers, for "items deposited," "items cashed" and "book-keepers' drawer" are maintained in the same manner as outlined. The central control clerk, however, adopts certain convenient periods during the day for taking these items from their respective drawers, footing them on the adding machine and making the entries on the sheet as previously demonstrated. It will be well, however, to provide a fourth compartment into which the tellers can drop notes, certificates of deposit, etc., the entries for which under the previous method the tellers would immediately make on the sheet. Special slips should in this case be provided the tellers to be dropped into this compartment, showing, for example, that the two checks aggregating say \$100 to which the slip was attached were received in payment for a certificate of deposit, or—using another illustration—indicating that \$695.09 in cash was received by the teller as a clearing settlement. These slips will be in the majority of cases simply the debit or credit slips from which entries are ordinarily made to the journal or general ledger.

This method of placing the responsibility for the handling of the daily balance sheet in the hands of one person, as stated before, is particularly desirable in larger banks where the tellers are unusually active, or where there are two or more tellers doing the same kind of work in different cages.

SOME FINAL COMMENTS AND SUGGESTIONS

It is not to be presumed that your bank will find the operations or methods of handling this system as outlined in this article as being exactly suited to your individual requirements. There are no two banks in the entire country that handle any one banking operation in exactly the same manner. As both systems outlined are arranged according to basic principles rather than according to individual fancy, a little sincere study will indicate what variations in the operations are necessary to meet your particular requirements.

Again, it is to be recognized that many

clerks and tellers have so "gotten into the rut" of unsystematic methods that it will take a week or two for such employees to fully grasp the operation of *any* thoroughly systematized plan in order to make entries quickly and accurately. Patience, therefore, is necessary in many cases. Its operation will

soon become as automatic as any other duty, regularly performed, and when this has been accomplished you can rest in sweet contentment that "blind hunting" for mysterious errors will cease to be a nightly game, and that undiscovered differences will be reduced to a minimum.



Reduction of Credit Department Costs

By R. J. George

TEN years ago the work of obtaining and dispensing credit information was but a small part of a bank's daily activities. Today, however, conditions are changed. New policies of expansion and competition have been introduced, and practically all banks now deem it expedient to have their credit activities supervised and handled by a specially trained staff. The work has increased so rapidly that the Credit Department of some of the larger institutions now composes one of the most important branches of the organization. This enlargement of credit work is accounted for by the following main causes:

1. The growing desire to have on file a certain amount of information regarding each customer.

2. The practice, under normal conditions, of soliciting new accounts. A systematic new business program presupposes having on file certain data regarding each prospect in order to determine the desirability of an account and the method of approach which will most likely prove successful.

3. The development of Credit Inquiry Service, which is so commonly offered to prospective customers and correspondents as an inducement for the establishment of a relationship. The custom of making investigations and answering inquiries *gratis*, although in many cases considerable extra expense

is incurred in so doing, leads to duplication of inquiries and tends to encourage excessive use of the privilege.

4. Competition in the extension of credit facilities, necessitating a careful checking of each prospective risk by a number of banks simultaneously, irrespective of whether accommodation is ever availed of.

5. The development of the open market for acceptances and commercial paper. The obligations of the larger commercial houses and manufacturers are today offered to even the smallest institutions, who customarily seek the advice of other banks to determine the desirability of the paper as an investment.

6. The practice followed by many who make inquiries, of seeking both interested and disinterested opinions, realizing that a bank favored with a given concern's account may refrain from making unfavorable comment, while a disinterested bank might be more open and frank in calling attention to unattractive features of the credit risk. This again leads to duplication in the making of inquiries.

7. The development of the practice of rediscounting. All parties discounting paper, including the Federal Reserve Banks, customarily seek outside opinions as to the credit standing of names offered to them, and in many cases it is deemed advisable to consult disinterested banks as well as banks of

account. This is considered a sound practice in the interest of maintaining a stable credit structure.

The factors above mentioned are cumulative in their effect, and under normal conditions lead to a continuous enlargement of credit department activities. The work is of such a special nature that a high degree of skill and intelligence is necessary to handle it properly, with the result that costs are mounting rapidly and the prospects are for a further increase of expenditures in the future, unless economies are introduced.

Any reforms which may be looked for in the way of reducing the total number of credit inquiries made and answered are not likely to produce the desired results as the service is *gratis* and is founded on a reciprocal basis. Nor are banks in general disposed to reduce the number of inquiries made in their own interest, as the obtaining of full information means the reduction of credit losses. The only way in which credit department costs can be reduced would seem to lie in the adoption of shorter methods and in the standardization of the letters and forms used.

SECURING CREDIT INFORMATION BY LETTERS

Many banks and trade houses write especially typed inquiry letters in asking for information while others use printed or multigraphed forms. It is to the advantage and convenience of the addressee if a simple form be used, and the following is suggested as a model:

HOME NATIONAL BANK
NEW YORK, N. Y.

April 1, 1920

The Amsterdam National Bank,
New Amsterdam,
New York.

Dear Sirs: CREDIT INQUIRY

SUBJECT A. B. Company
Mfrs. Druggists Sundries
New Amsterdam, N. Y.
Commercial Paper

REASON FOR INQUIRY We have purchased the
REMARKS paper—\$10,000—10 days
option.

Your close advices will be appreciated and we shall be glad to reciprocate at any time.

Cashier.

Considerable time is saved in sorting and distributing the mail if the requests for information show on their face that they are *credit inquiries*, and the letters can be answered, filed and otherwise disposed of more readily.

The principal criticism of the form letters now in use is that many of them are too long and complicated in either specifying simple points to be covered, or in asking unnecessary questions. Then again many banks have a number of separate forms to cover different types of inquiries, such as "commercial paper with an endorsement," "commercial paper without an endorsement," "commercial paper revision," "commercial paper option," etc., etc., whereas a single form letter properly filled in could be used for all these purposes. Furthermore, the various form letters used by banks differ widely; for example the name of the subject may appear at the top of the letter in either the right or the left hand corner, in the body of the letter, or at the bottom, while in some cases it is written on an attached sheet, all of which adds to the confusion in sorting, routing, answering, and filing the inquiries.

In a credit inquiry the following are important considerations:

1. Have the fact that it is an inquiry stand out clearly. The fact that a request for information is expressed may afford the addressee protection in case of a suit for libel, in the event an unfavorable opinion is rendered.

2. Always give full name, business, and address of head office; if head office is merely nominal give principal place of business also. In making inquiries on miscellaneous names in large cities, and on all names in foreign countries, always give street address. The name should be written in lower case type properly capitalized rather than in capitals; thus, Del Monte, or Delmonte, not DEL MONTE or DEL-MONTE.

3. The reason for making the inquiry—revision of account, commercial paper, inquiry from a trade house or a correspondent, whatever the case may

be—should be disclosed so that the addressee may have an indication of the kind of information desired. Thus a commercial paper inquiry ordinarily presupposes that the inquirer possesses a statement of the subject, but if the request is prompted by a trade house or a foreign correspondent this assumption generally would not hold true, and the reply should be worded accordingly. Furthermore a name may be commendable in foreign trade transactions but not as a commercial paper risk, so that it is desirable in most cases for the bank answering the inquiry to know the reason behind it.

4. Any special points to be emphasized should be clearly brought out and for this purpose provision is made under "Remarks."

5. The inquiry letter should be as brief as possible in all respects, and in view of the willingness with which banks serve each other no closing sentence is necessary, although such assurances as are indicated in the last paragraph of the above form are not improper.

6. A separate inquiry sheet should be sent to the addressee on each name inquired about for his convenience.

ANSWERING CREDIT INQUIRIES BY LETTER

In this branch of the work a great saving of time and effort could be effected through the adoption of a more simplified method of framing replies to inquiries. There is such a lack of uniformity in the physical make-up and general content of credit reports that the reading, analysis and filing of the information is attended with many errors, and the writing of the letters consumes much time and effort. Credit letters contain facts and opinions but many of them are so wordy that their meaning is overshadowed with verbiage. A plea is here made for simple and concise statements, and for condensed expressions, free from ambiguity. To

illustrate, the following examples are given:

Example No. 1. Reply to Commercial Paper Inquiry, in Full Sentences.

THE AMSTERDAM NATIONAL BANK

NEW AMSTERDAM, N. Y.

April 2, 1920.

The Home National Bank,
New York, N. Y.

Dear Sirs:

We have your inquiry of April first relative to the A.....B.....Company of this city, and in reply will say that this concern has carried an account with us since 1916 which has been conducted in a satisfactory manner. For a time the relationship was on a non-borrowing basis but in the latter part of last year we placed at the company's disposal a substantial line of accommodation on the same endorsement which the name carries in the open market.

As you doubtless know this company is a manufacturer of druggists sundries and has been established for many years. In the course of our past investigations we have received information of an entirely favorable character. In January of this year we had occasion to make inquiries of the company's bankers and learned that they lend it liberally when called upon to do so, and they report that borrowings are infrequent. Trade houses consulted at the same time advised us that they consider the company in good credit for its requirements and that discounts are availed of under their usual terms. Our informants spoke in favorable terms of the management.

The company's statements issued from time to time reflect progress and the figures for December 31, 1919, in our opinion, indicate a favorable showing. We note that good profits were earned and after payment of dividends a substantial sum was added to the surplus.

Prior to extending the concern a line of credit we frequently purchased the paper in the open market as offered through brokers and considered our money well invested. The company is making proper use of its credit facilities with us and in view of our experience we consider the paper a desirable investment in the amount you mention.

Trusting the foregoing will be of service to you, we remain,

Very truly yours,

Cashier.

(Approximately 300 words)

Example No. 2. Reply to Commercial Paper Inquiry, Condensed.

THE AMSTERDAM NATIONAL BANK

NEW AMSTERDAM, N. Y.

April 2, 1920.

The Home National Bank,
New York, N. Y.

Dear Sirs:

Re: A.....B.....Company
Mfrs. Druggists Sundries
New York City.

Reply to Credit Inquiry of April 1, 1920:

Our Account since 1916; non-borrower prior to December 1919. We extend substantial line, endorsed.

Investigation—January, 1920, favorable; other banks lend company liberally; report borrowings infrequent.

Trade houses consider good for requirements; report discounts taken. Management well regarded.

Statements reflect progress. Dec. 31, 1919, figures satisfactory; good profits earned; substantial addition made to Surplus after dividends.

We have frequently purchased the note in the past and consider paper desirable investment in amount mentioned.

Cashier.

(Approximately 90 words)

Example No. 3. Same as Example No. 2. Different Order with More Details.

THE AMSTERDAM NATIONAL BANK

NEW AMSTERDAM, N. Y.

April 2, 1920.

The Home National Bank,
New York, N. Y.

Dear Sirs:

Re: A.....B.....Company
Mfrs. Druggists Sundries
New York City.

Reply to Credit Inquiry of April 1, 1920:

Old established business.

Recent Investigation favorable. Banks of account extend liberal credit lines; borrowings infrequent. Trade check requirements; discounts taken. Management well regarded.

Statements show progress. December 31, 1919, figures show profits \$100,000 after taxes; dividends \$60,000.

Our Account since 1916. Line—\$100,000, endorsed. \$50,000 now running. Balances proportionate. Endorser claims outside means, \$100,000.

We purchase the note and consider paper desirable investment amount mentioned.

Confidential and without responsibility on our part.

Cashier.

(Approximately 87 words)

Example No. 4. Suggested in answer to Foreign Inquiry, Condensed.

THE AMSTERDAM NATIONAL BANK

NEW AMSTERDAM, N. Y.

April 2, 1920.

The Home National Bank,
New York, N. Y.

Dear Sirs:

Re: John Doe & Co.,
Importers Foodstuffs;
Exporters Spices, etc.,
4 Jones Street,
Liverpool, England.

Reply to Credit Inquiry of April 1, 1920:

We are informed:—

Limited Partnership, established 1910. Management experienced; ability and integrity good.

Well regarded by bankers.

Trade extend credit, £100 to £200.

Estimated Resources in business £10,000.

Outside means £2,000.

Cashier.

(Approximately 50 words)

In answering credit inquiries the following should be observed:

1. The communication should clearly disclose the fact that it is a "Reply to a Credit Inquiry," for legal reasons, and to facilitate routing, checking, filing, etc., in the hands of the addressee.

2. The date of the inquiry should be referred to, and key letters if this is requested.

3. The address of the subject should be given, and it is good practice also to indicate the business.

4. The reply should be stripped of verbiage, yet cover all essential points. Figures rather than words should be used in expressing dates and values.

5. A separate reply should be made on each name.

The practice of replying to credit inquiries in condensed language is followed in some quarters, and it could be adopted as a general practice to good advantage, in the interest of all concerned.

The use of an expression disclaiming liability, the reference to the name by initials only, the order in which the facts are given, and other like considerations, have some bearing on the cost of the service, but are matters primarily for individual discretion.

ANALYSIS AND COMPILATION OF CREDIT INFORMATION

The suggestions already made to reduce the cost of securing and dispensing credit information have a direct bearing on the cost of analyzing and compiling it. Many banks condense the reports received from others and have it re-typed for the sake of uniformity and convenience in after use. It is self-evident that whatever is done by parties answering inquiries in the way of stating facts clearly and concisely minimizes the chance of error creeping in, and reduces the cost of this branch of the work.

ANALYSIS OF FINANCIAL STATEMENTS

The work of reproducing the items of balance sheets on comparative forms could be carried on at a greatly reduced cost if the figures were represented in thousands of dollars instead of being written out to the last digit. In the case of the larger concerns, such as the average run of commercial paper names, a few hundred dollars is a negligible amount in the statement totals. It is common practice to omit the cents and the omission of dollars up to one thousand would carry the saving still further. Under this plan more sets of figures could be entered on one form and the comparative statement would be more serviceable in this respect.

ORAL INVESTIGATIONS

In general the suggestions for reducing letter writing costs could be applied to reports of credit investigators and field men making personal calls. Compare for example the following two reports of a trade reference:

Example No. 5. Credit Interview in Full Sentences.

A.....B.....Company N. Y. City
Mfrs. Druggists Sundries

Home Manufacturing Company, Mr. Jones, assistant treasurer: We have been selling the subject for many years under our regular terms of two per cent. discount for cash within ten days, thirty days net.

The account has run as high as \$5,000 and the company owes us \$1,000 now. Discounts are taken in about one-half of the purchases while the rest of the bills are paid promptly. Our experience has been satisfactory and we would be willing to extend credit up to \$10,000. We have heard nothing derogatory of the company or the management.
(Approximately 86 words)

Example No. 6. Credit Interview,
Condensed.

A.....B.....Company N. Y. City
Mfrs. Druggists Sundries

Home Manufacturing Company, Mr. Jones, assistant treasurer: Selling many years; terms 2 per cent.-10-30. High—\$5,000. Owes \$1,000. Would credit \$10,000. About half of bills discounted; balance paid promptly. Account satisfactory.
(Approximately 22 words)

The organization and physical arrangement of the credit department can be worked out with a view to reducing costs by giving attention to the following:

1. The facilities should be conveniently arranged so as to have the work progress step by step in the course of operation.
2. Encouragement should be given to the making of suggestions which will tend to reduce expense and to increase efficiency.
3. The clerical staff should be kept mobile by occasional change of work.
4. All branches of the work should be kept-up-to-date so that each part of the organization will be in a position to serve the others.

The expense of mailing and the cost of envelopes can be greatly reduced by assembling all outgoing credit inquiries and replies, and consolidating those going to the same addressee under one cover. A saving in stenographic work can be effected through the use of transparent envelopes in mailing out inquiries if not for letters of reply. Through the use of these envelopes the danger of misdirection of mail due to erroneous enclosing could be eliminated.

All banks must face the problem of reducing the cost of operation in the coming period of reconstruction. Nothing should be done to lower the stan-

dard of the credit service rendered as thoroughness in the checking of credit risks is essential in the interest of minimizing losses. Credit department costs can be reduced, however, and the

quality of the service improved, through the adoption of simplified methods and the co-operation of banks and trade houses to this end will result in a mutual saving to all concerned.



The Progressive Discount Rate System

Its Application in the Tenth Federal Reserve District

By Samuel Sosland

AS three of the twelve Federal Reserve Banks have adopted the progressive discount rate system authorized by the Phelan amendment to the Federal Reserve Act last April, hundreds of bankers are doubtless wondering about its possibilities. Does it mean new burdens? Or, does it promote sound banking and sound business? These and other questions are frequently asked about the operations of the system, which is now in effect in the Kansas City, Dallas and St. Louis Federal Reserve districts. The Atlanta district employed it for a time, but returned to flat rates last November.

Of the Federal Reserve districts which employ the progressive discount rate system, Kansas City is the pioneer. The Kansas City bank proposed this system as early as 1918. This was recently revealed in the annual report of the Kansas City bank for 1920. The plan was held in abeyance, while the discounts of the Kansas City Bank, as well as of Federal Reserve Banks throughout the country, continued to expand. Finally, the Federal Reserve Board recommended to Congress the adoption of the amendment to the Federal Reserve Act authorizing Reserve banks to establish rates of discount which "may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal Reserve Bank to

the borrowing bank." Congress passed this amendment April 13, 1920, and the progressive system was inaugurated in the Kansas City district April 19, 1920.

As the pioneer the Kansas City Federal Reserve Bank is naturally the center of interest among bankers seeking light on the practical workings of that system.

THEORY OF THE SYSTEM

The progressive discount rate system was constructed by the Kansas City Federal Reserve Bank on the theory that each member is entitled to a normal rate of discount up to the limit of the note-issuing power it contributes to the institution. It assumed that in obtaining loans in excess of that amount a member bank absorbed the note-issuing power created by other members and that such excessive borrowing should be made to pay a penalty in the form of progressive rates.

On this theory the bank determines the basic line, or the amount of credit allowed each member at its normal rate, by deducting thirty-five per cent. from the member's reserve deposits to cover the gold reserves it is required to keep against its deposits. To this sum it adds the amount of capital paid in by the member. As the Federal Reserve Bank must maintain a minimum of forty per cent. in reserve against its note issue, the member's reserve deposits plus its paid-in capital are multiplied

250 per cent.; or two and one-half times, to determine the basic line of credit. While this is accurate in theory, the basic line thus allowed is liberal in practice, for, as Governor J. Z. Miller, Jr., of the institution has explained, float, real estate, and other investments not eligible for deposit as collateral to secure Federal Reserve notes reduce the actual lending power of the bank from fifteen to twenty per cent. of the amount derived in computing the basic line of each member. But it is theoretically an ideal plan for computing the basic line of credit. It places each member on the foundation it creates at the central bank in obtaining credit.

HOW THE PROGRESSIVE RATE IS APPLIED

Announcing that the normal rate would be six per cent., which it still maintains, the bank fixed the progressive or graduated rate at one-half of one per cent. for every increase of twenty-five per cent., or fraction thereof, in the borrowing by each member. Thus a member with a basic line of \$1,000,000 at six per cent. must pay six and one-half per cent. for \$250,000 of loans in excess of that amount, seven per cent. for the next \$250,000 of discounts and seven and one-half per cent. for the borrowings between \$1,500,001 to \$1,750,000. The rate rises one-half of one per cent. for every further increase of twenty-five per cent. over the basic line.

Exceptions must be noted in computing the progressive rates under the Kansas City system. When the plan was adopted it was provided that, while the loans secured by Government war paper owned by members on April 1, 1920, would be included in the credit structures of the members, such discounts would continue to be made at the established rates. A little later the bank excluded such borrowing in determining the credit structures of members and also modified its original plan by continuing to count loans against other war paper in the credit structures of its members, but charging only the

established rate of discount on this class of discounts. While these modifications interfered with the theoretical operation of the lending and note-issuing power of the bank, they were deemed advisable in view of the fact that member banks were carrying war paper largely for patriotic reasons. It is interesting to note that the special treatment accorded war paper made the borrowing of Government bonds and Treasury certificates of indebtedness to be used for rediscounting purposes popular with many member banks. Their customers in a majority of instances loaned the war paper to the banks.

In making discounts under the progressive rates, the Federal Reserve Bank of Kansas City charges the rates applicable in accordance with the credit structure and loans of the borrowing bank at the time the paper is presented. However, it does not necessarily follow that the rate then paid is the actual cost of the loan or loans to the member. Elaborate daily analyses of the loans and reserves of all members are made, with resultant credits or debits to conform with the actual position of each bank. Suppose, for example, a member bank finds it necessary to discount a loan at a time when its borrowings have reached a point putting it in the 8½ per cent. column in rates. This rate is charged, but if the bank immediately improves its reserve balance, thereby raising its basic line of credit, and if it also retires other borrowings, it automatically brings about a decline in the cost of its discounts. Thus there is incentive every day for each member borrowing its basic line and paying a progressive rate to improve its position at the central institution. A novel outcome of this phase of the progressive system is to be found in the development of trading between banks for credits at the Federal Reserve Bank. Members with surplus reserves often find it profitable to sell credits to banks not so comfortably situated, the latter paying for the reserves because such transactions enable them to pare down their maximum progressive rates. Such trading speaks well for the progressive system

in that it emphasizes one of its contributions toward inducing banks to maintain adequate reserves.

INFLUENCE IN CONSERVING AND REGULATING THE DISTRIBUTION OF CREDITS

Perhaps it is yet too early to pass judgment on every phase of this system, but it is already clear that its influence in conserving and regulating the distribution of the credit resources possessed by Federal Reserve banks is beneficial. It exerts a powerful psychological deterrent against credit expansion without creating burdensome average discount rates. The progressive system has meant, according to reports of member banks in the Tenth District, charges on a few small loans to over-extended country banks at a rate as high as twenty per cent. and up to twelve or thirteen per cent. for a few of the larger institutions. However, even with these rather startling charges on some paper, the actual records of the Federal Reserve Bank of Kansas City, as presented in detail in its annual report, show that the average cost of discounts from April 19, 1920, to December 31, 1920, was only 6.61 per cent. to member banks on commercial and agricultural paper. This average compares with the 7 per cent. flat rate charged by the New York, Chicago, Minneapolis and Boston Federal Reserve Banks.

On the daily average commercial and agricultural paper discounts of the Kansas City Federal Reserve Bank under the progressive system up to the close of 1920, amounting to \$88,004,702.15, member banks paid in interest \$4,096,925.30, or 6.61 per cent. Had the seven per cent flat rate been employed instead, the cost to the members would have been \$4,337,546.94. The difference is \$240,621.63. Until last September the Kansas City Bank, with the progressive system in effect, maintained a discount rate on government paper which was one-half of one per cent. less than the rate of the Federal Reserve Banks which resorted to the flat charge of seven per cent. on commercial and agricultural paper as a means of checking further

expansion in credit. This reduced the cost of war paper discounts by \$85,283.15 to the members in the Kansas City district. Governor Miller therefore reports for 1920 that the members of the Federal Reserve Bank of Kansas City paid \$325,904.78 less for loans under the progressive system than the cost under the flat seven per cent. discount plan.

UNDUE CREDIT EXPANSION DISCOURAGED

Notwithstanding the lower average cost of discounts at Kansas City under the progressive plan, students of banking who watched the trying days of 1920 in American money markets will quite generally agree that the districts which enforced the progressive rates appeared to feel the greatest pressure to reduce loans and to discourage expansion in credit. This apparent anomaly is best explained by citing the example of a member bank.

A borrower comes into a member bank in the Tenth district for a loan. The officer to whom the borrower applies knows that his bank is well loaned up, but desires to accommodate his customer.

"How do we stand at the Federal Reserve?" the banker asks an assistant whose duty it is to handle the bank's transactions with the central institution. I have heard such questions.

"We have used up our basic line and are now borrowing 100 per cent. in excess, paying eight per cent. for new discounts," the assistant replies. "If we borrow more, it will cost $8\frac{1}{2}$ per cent."

If the banker in question stops to compute the cost of all of his discounts under the progressive system even with the eight per cent. maximum, he will find that he is paying an average around $6\frac{5}{8}$ per cent. on commercial and agricultural paper. But the nearness of the $8\frac{1}{2}$ per cent. rate deters him from extending further credit more than would a flat seven per cent. charge. It is here that psychology enters as a fac-

tor under the progressive discount rate system.

REDISCOUNTING DECENTRALIZED

A point about the system which demands the consideration of every banker is its influence in decentralizing rediscounting. When the system became effective in the Tenth district, eleven member banks in Kansas City had borrowed 43.2 per cent. of all the loans of their parent Federal Reserve institution, while eight members at Omaha, the second largest market in the district, had twenty-two per cent. of the total loans. The aggregate of loans of the parent bank was then almost \$120,000,000, or \$10,000,000 in excess of its own lending power. Thus nineteen out of a total of 1,056 member banks were using 65.2 per cent. of the loans of the central institution. Other borrowing banks numbered only 386, while 649 members were not using the discount privilege—at least not directly. At the close of 1920 thirteen members in Kansas City paying the progressive rate were borrowing only twenty-nine per cent. and seven members in Omaha paying the progressive rate were borrowing only ten per cent. of the total loans. Besides, the close of the year found 352 of the members which had not previously borrowed occupying places in the list of borrowing banks. It is stated that more than half of the 352 members which became borrowers had never before made use of the discount privilege of the Federal Reserve Bank.

What happened? The Kansas City district, as is well known, is a territory of numerous small banks. It appears that for a long time many of these small banks preferred to borrow from their Kansas City, Omaha, Wichita and other reserve city correspondents rather than attempt to comply with the requirements of the Federal Reserve Bank in discounting paper. This business was readily accepted by the larger banks, but when the progressive system with its basic lines of credit was put into effect, they suddenly found it desirable to advise the country banks to resort to

more direct discounting with the central bank. The wider distribution of the discounts thus accomplished is, as claimed, healthier for the banking situation of the Tenth district.

It is obvious from the fact that the average discount rate for the year on commercial and live stock paper was 6.61 per cent. that many loans of the institution were in excess of the basic line of the borrowing banks. In this connection it is interesting to note that in April, 1920, the first month of the progressive system, 171 members borrowed in excess of their basic line of credit. This number increased from month to month until 399 were borrowing in excess of the basic line. In November 389 members paid more than the normal rate for some paper, while in December 399 members borrowed in excess of the basic line. Normal markets probably would have brought reverse changes. The number of members borrowing within the basic line was 236 in the first month. This number increased gradually to 324 borrowers. This class borrowing within the basic line used a daily average of \$16,808,955 to \$25,268,230 less credit each month between April and December than they could have obtained at the normal six per cent. rate. When the progressive system started the 649 members listed as non-borrowers had a combined basic line of credit amounting to \$48,898,935. This number gradually decreased under the influence of the progressive system to the last month of 1920, which showed only 364 non-borrowers entitled to \$31,543,023 of credit at the basic line.

The computations of the Federal Reserve Bank show that the members borrowing less than their basic line and those which engaged in no discount operations with it left unused so far as they are concerned an average daily credit of \$60,028,503. Still, the drain on the credit resources of the bank from other members was so great that it was forced to borrow as much as \$48,000,000 last November from other Federal Reserve Banks to maintain its legal minimum reserves. The Kansas City

Federal Reserve Bank's loans at that time were about \$165,000,000, and its legal reserves would have been hardly eighteen per cent. had it not found it possible to resort to outside borrowings.

AS A SPUR TO BUSINESS ACTIVITY

When the progressive system was inaugurated, the Kansas City district was laboring under a serious shortage of cars for moving its crops and liquidating loans. Many members severely criticized their Federal Reserve Bank for putting the progressive system into effect at what they termed such an inopportune time. The progressive system, however, spurred bankers and their customers to exert themselves to obtain more cars for moving crops and resulted in the sale of large quantities of grain and live stock at prices far higher than those which now prevail, for the world collapse in commodity markets came a few months later. The system restricted to a degree the mak-

ing of beef on grass and checked cattle feeding later in the year, but those who were prevented from embarking in these activities were saved the disheartening experience of taking extraordinary losses as a result of the drop in prices which followed the reduced demand for beef and other meats. It is unfortunate for the Kansas City district that the stringency in money forced many breeding cattle to markets, but the blame for this rests largely against the conditions created by the inflation of recent years and not against the progressive system. Farmers and stockmen who journeyed without avail to Washington to protest the credit situation confronting them under the progressive system can now only feel regretful over their failure to heed the message the system carried. Besides, member banks are realizing more and more that the system has functioned in a constructive manner even under abnormal economic conditions.



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Address of Sol Mexler, of J. S. Bache & Co., New York, before convention of American Bankers' Association, at Washington.

Banking and Commercial Law

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Check Drawn to Order of Two Persons Should Not be Paid on Indorsement of One

Crahe v. Mercantile Trust & Savings Bank,
Supreme Court of Illinois. 129 N. E.
Rep. 120.

WHERE a check is drawn payable to the order of two persons jointly, the bank, on which check is drawn, should not pay it except upon the indorsement of both of the payees, unless it actually knows that one of them has authority to indorse for the other. If it pays the check on the indorsement of one of the payees, it may subsequently be held liable to the other, in the event of his sustaining a loss as a result of the payment of the check.

In this case, the plaintiff had obtained judgment against a street railroad company. The company delivered to the plaintiff's attorney a check for \$761.85, payable to the order of the plaintiff and the attorney jointly. This check was drawn on the defendant bank. It appeared that the plaintiff had signed a receipt and satisfaction piece without knowing what these papers contained. The papers so signed were delivered to the railroad company by the attorney at the time when he received the check. The plaintiff had not authorized the attorney to indorse the check for her. Nevertheless, he had indorsed her name on the check, told her that the check was for another amount, and appropriated most of the proceeds. It was held that the bank was liable to the plaintiff for the amount of her interest in the proceeds of the check, which had been wrongfully retained by the attorney.

OPINION

Action by Olga A. Crahe against the Mercantile Trust & Savings Bank. A judgment for defendant was affirmed by the Appellate Court, and on a certifi-

cate of importance plaintiff appeals. Reversed and rendered.

Adams, Childs, Bobb & Wescott, of Chicago (F. M. Hartman and Dwight S. Bobb, both of Chicago, of counsel), for appellee.

THOMPSON, J.—In 1915, appellant Olga A. Crahe, obtained a judgment against the Chicago Surface Lines for \$1,000. Her attorney in this litigation was J. Marion Miller. He settled the judgment for \$750 and costs and took in payment of the same a check for \$761.85. The check named the client and her attorney as joint payees in the following language:

"Pay to the order of Olga A. Crahe, judgment creditor, and order of J. Marion Miller, attorney for judgment creditor."

Appellant signed a receipt dated June 5, 1915, showing receipt of \$761.85 in full settlement of this judgment, and also signed an undated satisfaction piece. These documents were delivered to the Chicago Surface Lines by Miller June 7, 1915, when he obtained the check. June 9, 1915, Miller indorsed the check as follows:

"Olga A. Grahe, Judgment Creditor, J. Marion Miller, Attorney for Judgment Creditor, J. M. Miller."

—and presented the check to the Ft. Dearborn National Bank of Chicago for payment. The check was paid and the proceeds deposited in said bank to Miller's credit. In due course appellee the Mercantile Trust & Savings Bank, drawee of the check, paid it. Appellant, contending that the indorsement of her name was a forgery, brought an action of tort against appellee in the municipal court of Chicago for \$461.85, the amount claimed to have been wrongfully appropriated by Miller. A trial was had without a jury and judgment was entered in favor of appellee. This judgment was affirmed by the Appel-

late Court for the First District, and upon a certificate of importance granted by that court this further appeal is prosecuted.

The principal question presented for our consideration is whether an attorney employed to prosecute a suit to judgment has authority to indorse a check payable to the order of his client, received in satisfaction of the judgment. The precise question here presented is a new question in this court and seems to be one that has had little attention in courts of other jurisdictions. Section 41 of our Negotiable Instruments Law provides:

"Where an instrument is payable to the order of two or more payees or indorsees who are not partners, all must indorse unless the one indorsing has authority to indorse for the others." Hurd's Stat. 1917, p. 2004.

In *Ryhiner v. Feickert*, 92 Ill. 305, 34 Am. Rep. 130, we held that the possession of a negotiable instrument by one of two joint payees is not evidence that the payees are partners, but is simply prima facie evidence of the title disclosed upon the face of the instrument, and that one joint payee cannot bind the other by his indorsement without the consent of his co-payee. In *First Nat. Bank of Chicago v. Pease*, 168 Ill. 40, 48 N. E. 160, we held that after a check had been delivered to the payee it was the property of the payee, and that a bank which paid the check on a forged indorsement would be liable to the payee for the funds so wrongfully paid out.

It is immaterial whether Miller had an interest in the funds represented by the check in this case, because the right to commissions or fees from a fund does not constitute a joint ownership in the fund collected unless the terms of the contract which creates the agency expressly provide that the agent collecting the fund has the right to retain from the particular fund his commission or fees. *People v. O'Farrell*, 247 Ill. 44, 93 N. E. 136. Even if the contract of employment gave the agent authority to retain his commissions or

fees, this authority would not amount to an authority to indorse negotiable paper. *Jackson Paper Manf. Co. v. Commercial Nat. Bank*, 199 Ill. 151, 65 N. E. 136, 59 L. R. A. 657, 93 Am. St. Rep. 113. In the case last cited there is a full discussion of the subject of an agent's authority to indorse commercial paper, and the opinion contains a comprehensive review of the authorities on the subject. It is there held that—

"The power of an agent to bind the principal by the making or indorsing of negotiable paper can only be charged against the principal by necessary implication, where the duties to be performed cannot be discharged without the exercise of such a power, or where the power is a manifestly necessary and customary incident of the character bestowed upon the agent, and where the power is practically indispensable to accomplish the object in view."

The Court of Appeals of New York, in *Porges v. United States Mortgage & Trust Co.*, 203 N. Y. 181, 96 N. E. 424, fully discusses the same subject and lays down the same rule. In *McClintock v. Helberg*, 168 Ill. 384, 48 N. E. 145, this court discusses at considerable length the implied authority of an attorney, and among other things says that an attorney has no "power to assign or sell a claim or judgment of his client without special authority." In *Brown v. People's Nat. Bank*, 170 Mich. 416, 136 N. W. 506, 40 L. R. A. (N. S.) 657, an attorney indorsed and cashed a draft payable to the order of his client, and in holding the bank liable for the funds so wrongfully paid out the Supreme Court of Michigan says:

"So far as the record discloses, both parties to this suit were innocent of intentional wrong and honest in this matter; and both had misplaced confidence in Campbell. Plaintiff had employed and trusted him as her attorney. He was then an attorney in fair standing and a customer of the bank. When he presented to his bank the draft, fair on its face, apparently indorsed by the payee and indorsed by himself, the bank

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naturally cashed it without question on the strength of his indorsement and their acquaintance with him. As her attorney, he had no authority to indorse her name. . . . The power to indorse checks or bills must be expressly conferred, and his employment to collect her claim conferred no authority to indorse a check or draft received in payment of the claim, but made payable to her. *Chatham Nat. Bank v. Hochstadter*, 11 Daly (N. Y.) 343. The indorsement was an ingenious forgery, and conferred upon the bank no right to collect the money it represented, and no protection in cashing it for him. It was her draft, and could only be legally paid on her indorsement. The fact that Campbell was her attorney and had it in his possession made no difference."

We think the reasoning of this decision is sound, and we concur in the conclusion reached. Appellee relies on the decision in *National Bank of the Republic v. Old Town Bank of Baltimore*, 112 Fed. 726, 50 C. C. A. 443; but the facts in that case are essentially different from the facts in the case at bar.

It is contended further by appellee that appellant is estopped from recovering from it because she acted negligently in her transactions with Miller. According to the testimony of appellant, Miller represented to her that he could get only \$300, and on his representations and advice she agreed to settle for that amount. He paid her \$212 and represented to her that he would need the remainder of the \$300 to pay costs and witness fees. She acknowledges that the signatures to the receipt and the satisfaction piece appear to be her signatures, but she denies having signed either of the instruments with any knowledge of their contents. Appellant was negligent in her transactions with her attorney; but that, alone, cannot estop her from recovering from appellee. There is nothing in the record to show that appellant was under any legal duty, on account of her relations with appellee, to exercise ordinary care for appellee's safety in dealing

with this check, and where there is no legal duty to exercise care there is no negligence in law. *Wizard Oil Co. v. United States Express Co.*, 265 Ill. 156, 106 N. E. 623. In *Shepard & Morse Lumber Co. v. Eldridge*, 171 Mass. 516, 51 N. E. 9, 41 L. R. A. 617, 68 Am. St. Rep. 446, it is said:

"The doctrine of contributory negligence as a defense to actions of tort is now of most frequent application, but we have been referred to no instance in which it has been held applicable to actions upon commercial paper, or even when the holder of such paper sues in tort for its conversion one who has innocently taken it upon a forged indorsement. Nothing could more completely unsettle commercial dealings than to extend that doctrine to suits brought by holders of negotiable paper against other parties thereto. . . . We are of opinion that the holder of an undorsed check, payable to his own order, is under no legal obligation to the drawer to exercise care as to how the check shall be kept, or to whom he shall commit its custody, or to see to it that the check shall not be put in circulation by the forgery of his indorsement, so long as he acts honestly without collusion. . . . He is under no legal obligation, either to the drawer of the check or to the public, to see to it that the check is not put in circulation with a forged indorsement."

See also, 5 R. C. L. 567.

To the same effect is the decision in *People v. Bank of North America*, 75 N. Y. 547, where it is said:

"It certainly is not a general rule of law that a person can be deprived of his property by unauthorized transfer thereof, simply because he has not exercised ordinary care to prevent such transfer. I may carelessly intrust a dishonest person with my personal property, and thus put it in his power to sell it; and yet it has been held that, in such case, my carelessness will not deprive me of the right to reclaim my property, the person thus intrusted having neither the real nor apparent power to sell it. I may place my un-

indorsed bills in the hands of an agent and thus place it in his power to forge an indorsement; and yet the indorsement would not bind me. The principle that when one of two persons, equally innocent, must suffer a loss by the act of a third person, he shall bear the loss who placed it in the power of such third person to perpetrate the act, does not apply to such cases. Where it is said in the books that one is estopped by his negligence as to the acts of another, who has assumed to act for him, or to deal in his property, the negligence meant is that of permitting such other person to clothe himself or to be clothed with apparent authority to act, and then the person who has been induced to rely and act upon the appearances can invoke the estoppel."

There was nothing in appellant's conduct to suggest that she authorized Miller to indorse her checks, and we see no reason for applying the doctrine of estoppel.

There is no controversy regarding the facts in this case, and, since appellee did not demand a jury trial at the time it entered its appearance, nothing remains to be done, as we view the law in this case, except to enter judgment for appellant for \$461.85, and interest at 5 per cent. on the same from June 9, 1915.

The judgments of the Appellate Court and of the municipal court are reversed, and judgment is entered here against the Mercantile Trust & Savings Bank, a corporation, appellee, for \$588.86 in favor of Olga A. Crahe, appellant. Costs in all courts will be taxed against appellee.

Reversed, with judgment here.



Computation of Amount Due on Notes Payable in France

Revillon v. Demme, New York Supreme Court, 185 New York Supp. 443.

The declining rate of exchange between this and other countries has been responsible for presenting to the courts a number of novel legal problems.

In this case, a question was presented as to which of several rates of exchange, prevailing on different dates, should be used in ascertaining the amount due in this country on notes payable in francs.

The notes in question were executed and delivered in France. They called for the payment of the aggregate sum of 225,000 francs. The notes were dated May 4, 1915, and by their terms were payable in France on August 4, 1915.

An action on the notes was brought in the State of New York, May 21, 1920. The plaintiff's right to recover on the notes was not disputed. The only question presented was as to which of the following four rates of exchange should be used in computing the amount due: (1) the par rate of exchange; or (2) the rate of exchange at the maturity of the notes, namely, August 4, 1915; or (3) the rate of exchange at the date of the commencement of the action, namely, May 21, 1920; or (4) the rate of exchange at the date of trial and entry of the judgment.

The court decided that the proper rate to use, was the one which was in effect on the day when the action was commenced.

OPINION

Action by Theodore Revillon against Rod A. Demme, tried without a jury under stipulation of the parties. Judgment for plaintiff.

SCUDDER, J.—By the stipulation under which this case is heard, defendant admits the second cause of action alleged in the complaint, and the sole issue to be determined by the court is the correct amount of the judgment.

On May 4, 1915, in Paris, France, plaintiff and defendant entered into a written agreement for the sale and purchase of certain shares of stock of a French corporation. At the time of the making of the agreement, plaintiff delivered to defendant 500 shares at the agreed price of 225,000 francs, and for this amount defendant delivered to plaintiff five notes, due August 4, 1915.

These notes were not paid at maturity, and the admitted second cause

of action alleged in the complaint is upon them. Except as to amount, all of the notes read alike. The following is the translation of one of them:

"Paris, the fourth of May, 1915. B. P. F. 50,000. On August fourth, nineteen fifteen, I shall pay against this note to Mr. Theodore Revillon, living in Paris, Thiers street No. 4, the sum of fifty thousand francs in settlement of account. Note of fifty thousand francs. Rod A. Demme. Paris, 11 Avenue de l'Opera." [Tax Stamp.]

By the stipulation the question submitted to the court is whether the law of this state requires the amount of the judgment in dollars to be computed (1) at the par rate of exchange; or (2) at the rate of exchange at the maturity of the notes, namely, August 4, 1915; or (3) at the rate of exchange at the date of the commencement of the action, namely, May 21, 1920; or (4) at the rate of exchange at the date of trial and entry of the judgment, which by the stipulation shall be taken to be as November 16, 1920.

It is further stipulated that, for the purpose of decision and determination, the par rate of exchange of the franc shall be taken to be 5.18 francs per dollar—that is, 19.3 cents per franc—and that the rate of exchange on the several dates mentioned shall be taken to be as follows: On August 4, 1915, 5.55 francs per dollar, that is, 18 cents per franc; on May 21, 1920, 13.84 francs per dollar, that is, 7.22 cents per franc; and on November 18, 1920, 17.10 francs per dollar, that is, 5.84 cents per franc.

This case is not complicated by the fact that the parties, at the time when the contract and notes were made, were residents of different countries, and there is no room for controversy as to where the contract was made or where it was to be performed and the money paid. Both parties to the contract resided in France, and the notes were given for the purchase price of the shares of a French corporation, and were made payable in France in the current money of that country. The facts

of the case furnish no occasion for discussion of conflict of laws, or the laws governing bills of exchange, or the laws or customs of merchants. The case presented is that of a common debt contracted and payable in France. It seems to me that the rule as to the measure of damages which should be applied in such case is: Pay the creditor the exact sum which he ought to have received in France.

The application of this rule to the present case requires the court to render judgment for such sum of dollars as will be equivalent to the amount of principal and interest of the notes in francs, computed either at the rate of exchange at the time of the commencement of the action or the rate at the time of judgment, and not at the par rate of exchange. To compute the sum due at the par rate of exchange would be in effect to require defendant to pay in gold, although the notes were not made payable in gold. Plaintiff's loss in the transaction by reason of the depreciation in French money did not arise or result from defendant's breach of his contract in not paying the notes when they became due.

The general rule is that the *lex loci contractus*, and not the *lex fori*, governs questions as to the elements and amount of damages recoverable for a breach of contract. 12 Corpus Juris, 486. In this case, however, it is to be presumed, in absence of evidence to the contrary, that the law of France is similar to our own, and therefore, under the French law, the loss from the depreciation of the money of that country is not an element of the recoverable damages, and that the only damages that may be recovered for non-payment of money is interest.

Plaintiff cites in support of his contention that the amount of the judgment in dollars should be computed at the par rate of exchange, the case of *Martin v. Franklin*, 4 Johns, 124, and cases in which that case has been followed in the lower courts of this state (*Scofield v. Day*, 20 Johns, 102; *Guiteman v. Davis*, 45 Barb. 576, note; *Swanson v. Cooke*, 45 Barb. 574;

Ladd v. Arkell, 40 N. Y. Super. Ct. 150, 155; Rice v. Ontario, 56 Barb. 387), and in the Massachusetts Courts (Adams v. Cordis, 8 Pick. 260; Alcock v. Hopkins, 6 Cush. 484; Lodge v. Spooner, 8 Gray 166; Commonwealth v. Haupt, 10 Allen 58; Burgess v. Alliance Ins. Co., 10 Allen 221). The ruling of the court in Martin v. Franklin, supra, is sharply criticized by Judge Story in Grant v. Healey, 3 Sumn. 523, Fed. Cas. No. 5696, and it does not seem to have received the approval of the Court of Appeals of this state in Oliver Lee & Co.'s Bank v. Walbridge, 19 N. Y. 136.

Neither the case of Martin v. Franklin nor the other cases to which plaintiff refers present a case like the one now before the court, where the place of residence of the parties and the place of making the contract and its performance are all in one country. These cases differ so materially from the case under consideration that an extended consideration of them seems unnecessary.

As between the rate of exchange at the commencement of the action and the rate of exchange at the time of judgment, it seems to me that the rate at the commencement of the action is the proper rate to be employed in computing the amount of the judgment. The notes became payable in dollars upon plaintiff's demanding of defendant their payment in this state. The commencement of the action was equivalent to such a demand. The amount due in dollars depended upon the rate of exchange existing at the time of the demand, or, in this case, the commencement of the action. Under the law of this state it was the defendant's duty forthwith upon demand to pay the amount in dollars, and he should not be permitted to take advantage of a change in the rate of exchange in his favor by withholding payment.

Plaintiff is entitled to interest at 6 per cent. from August 4, 1915, the date when the notes became due, to November 16, 1920, the stipulated date on which judgment is to be regarded as entered, and to have the aggregate sum of

principal and interest in francs converted into dollars at the rate of exchange on May 21, 1920, the date of the commencement of the action, namely, 13.84 francs per dollar.

Judgment for plaintiff for \$21,409.14. Settle findings on notice.



Taxation of National and State Bank Shares

Board of Equalization v. People's National Bank of Kingfisher, Supreme Court of Oklahoma, 193 Pac. Rep. 622.

In assessing the shares of a state or national bank for taxation, the assessment is not against the bank upon its capital, surplus, and undivided profits, but against the shares of stock in the hands of the stockholders. The bank acts as the agent of the stockholders in listing the shares for taxation, and in paying the tax. In determining the value of the shares for the purpose of taxation, no deduction should be made on account of capital of the bank investment in securities which are exempt from taxation.

OPINION

Appeal from District Court, Kingfisher County; James B. Cullison, Judge.

Petition by the People's National Bank of Kingfisher, Okl., to the Board of Equalization of Kingfisher County to obtain a deduction of assessments. Deduction disallowed, and the bank appealed to the district court, and from its judgment canceling the tax the Board of Equalization appeals. Reversed and remanded, with directions.

McNEILL, J. The officers of the People's National Bank of Kingfisher County, Okl., returned to the assessor of said county an assessment list for the year 1918, showing the capital stock, surplus, and undivided profit of the bank to be \$60,026, together with a list of the stockholders, the number of shares owned by each stockholder, and the value of each share of stock. It

then asked there be deducted from the value of the shares the following amounts:

Real estate assessed value..	\$16,500.00
United States bonds.....	31,900.00
Oklahoma state bonds.....	5,000.00
Real estate mortgages.....	9,650.00

—and claim there was nothing to be assessed, as the deductions amounted to more than the value of the shares. The assessment made deducted the real estate assessed against the bank from the value of the stock, but failed to deduct the amount invested in the United States bond, state bond, and real estate mortgages. The bank filed a petition with the board of equalization praying for said deductions, which were disallowed and the bank appealed to the district court.

The district court held that, in assessing the shares to the stockholders, the value of the stock should have been determined by deducting from the value of the shares of stock the amount that was invested in United States bonds, state bonds, and real estate mortgages. The court then proceeded to cancel the taxes. From said judgment the board of equalization has appealed.

Since the trial of the case in the district court, this court has passed upon the questions of law that are material to a determination of the case at bar. The following principles of law are now definitely settled in this state, to wit:

First. In assessing state or national banks the assessment is not against the corporation upon its moneyed capital, surplus, and undivided profits, but the tax is levied against the shares of stock in the hands of stockholders, and the officers of the corporation act as the agent of the stockholders, both in listing the shares of stock for taxation and

in paying the taxes levied against said shares of stock. Board of Equalization of Okl. County v. First State Bank of Oklahoma City, 77 Okl. 291, 188 Pac. 115; Brown v. Hennessey State Bank, 78 Okl. 141, 189 Pac. 355.

Second. "The shares of stock in a state or national bank are to be assessed at their true value, which may or may not coincide with their book value." Board of Equalization of Oklahoma County v. First State Bank of Oklahoma City, 77 Okl. 291, 188 Pac. 115; Brown v. Hennessey State Bank, 78 Okl. 141, 189 Pac. 355; First National Bank of Junction City v. Tax Commissioner of State of Kansas, 102 Kan. 334, 170 Pac. 33, L. R. A. 1918C, 986.

Third. "In determining the value of shares of stock in a national or state bank for the purpose of taxation, no deduction is to be made on account of the capital of the corporation invested in securities, which are exempt from taxation." Board of Equalization of Oklahoma County v. First State Bank of Oklahoma City, 77 Okl. 291, 188 Pac. 115; Brown v. Hennessey State Bank, 78 Okl. 141, 189 Pac. 355; Oklahoma National Life Ins. Co., 173 Pac. 376, 45 L. R. A. 757, note; cases cited in 55 L. R. A. (N. S.) 389, note; Home Ins. Co. v. New York, 134 U. S. 594, 10 Sup. Ct. 593, 33 L. Ed. 1025; Palmer v. McMahon, 133 U. S. 660, 10 Sup. Ct. 324, 33 L. Ed. 772; Van Allen v. Assessors, 3 Wall. 573, 18 L. Ed. 229.

It is unnecessary to again discuss the identical questions that were determined by this court in the former cases. Upon the authority of the above cases the judgment of the lower court will be reversed and remanded, with directions to deny defendant in error any relief, and to reinstate the taxes attempted to be cancelled by said judgment.



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By FRANK H. WILLIAMS

THINK of opening over 1400 new savings accounts in less than ten days at a total cost of not to exceed \$1.50 each!

That is the interesting and unusual record made by the First and Hamilton National Bank of Fort Wayne, Indiana, recently through the use of a coupon in the Fort Wayne News & Sentinel, which appeared as though the paper was giving fifty cents to each of its subscribers who would sign the coupon, take it to the bank and open a savings account.

Here's the way the coupon read:

NEWS AND SENTINEL LIBERTY COUPON.

It's worth fifty cents.

The News and Sentinel has arranged with the First & Hamilton Bank to help every Fort Wayne person, especially boys and girls, start a bank account.

This coupon is worth fifty cents to you. Cut out the coupon, take it with fifty cents to the First & Hamilton National Bank and you can open a \$1 savings account.

Besides being credited with a \$1 account, each depositor will be given a Liberty Bell bank. A picture of the bank is inset in this coupon.

Sign your name and address here:

Name

Address

Previous to the appearance of the coupon the newspaper ran stories for three days telling about the stunt and urging everyone to cut out the coupons and receive the gift of fifty cents. These stories ran to three-quarters of a column in length and were, of course, prepared by the publicity department of the bank. All of these stories not alone emphasized the

gift of fifty cents to savings account openers but also tried to inculcate the general idea of thrift in the minds of the readers.

Here's the way one of these stories started out:

"To encourage the excellent habit of thrift among the boys and girls, the men and women, of Fort Wayne, and this section of the state, the Fort Wayne News and Sentinel has made arrangements whereby anybody, young and old, can start a bank account. On next Monday the News and Sentinel will publish a Liberty Coupon that will be worth money to readers in opening a savings bank account. The First and Hamilton National Bank has kindly consented to co-operate and will gladly welcome those who bring

in the News and Sentinel Liberty Coupons.

"Economists and students of social conditions in this country have generally concluded that it is possible for the great majority of people in America to save at least a tenth of their income." The article then quoted from one authority on the topic of saving a tenth of the income.

"It is doubtful," the article then went on, "whether many people realize the remarkable speed with which money will grow in the bank at four per cent. compound interest, after once it has been given a start." Etc.

The remainder of this article was along this same line. And the other preliminary articles were also along the same line.

Of course these articles attracted a great deal of attention as the newspaper played them up prominently. As the

(Continued on page 424)

If I Were a Banker

If I were a banker and conducted a savings department and furnished little home savings banks to patrons, I would watch my local papers for announcements of births in my community and I would write a letter to the new-born one, stating that I was glad it had arrived safely, etc., etc., and then I would urge that it have its parents start a savings account for it to provide for its education, etc. I would also mail one of the little banks along with the letter and advise that baby begin now to save its pennies and nickels. Of course the baby could not read the letter but its parents would and they would be pleased to know that the banker was interested in their new baby and would appreciate the interest shown, and I am sure this would result in bringing many new savings accounts to my bank and no doubt would also bring new checking accounts as well.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

MARCH 1921

THE big bank or trust company with nationwide connections and widely diversified functions, of course, has different advertising problems than the purely local institution. It should not be dull or commonplace nor should it claim too much superiority. One way out is general, human interest or community-boosting advertising, the community sometimes including a whole state or section, as in the case of the New England historical and industrial advertisements, put out by The Old Colony Trust Company, Boston, in the past few months.



FINANCIAL men are shrewd investors. It is their business to be. Their judgment of advertising value should be no less keen, no less sure than their judgment of security values. They should buy advertising space where interest is high—where returns are assured. They should invest their advertising dollars carefully, with an eye to positive results.



SOME TIME ago one of the financial agencies (either Dun's or Bradstreet's) gave

out the information that of all the failures in 1920, 84 per cent. were of firms which did not advertise. We cannot say whether or not any financial institutions were included in this number. Banks don't fail very often nowadays anyway, but it's a safe bet that non-advertising banks would have grown more if they had advertised efficiently.



THERE is a certain amount of advertising value that may be expected from the handling of the finances of some drive for a public or semi-public purpose. For instance, suppose your institution is receiving subscriptions for a church fund of say \$100,000. You will have the use of the money deposited for some time, many persons will be coming into your bank and you are in a position to secure good lists of names for direct advertising.



THRIFT is still the big word in financial advertising because it is one of the greatest needs of our country today. Investment concerns are pushing the idea fully as much as bankers. One New York concern specializing in municipal securities is spending \$125,000 in newspaper advertising to teach thrift. The company will spend that much on the present campaign before deciding to quit or go further.

1400 New Accounts in 10 Days

(Continued from page 425)

result of this interest the people looked for the first appearance of the coupon with a great deal of eagerness and the first day after its publication saw a real rush develop in the bank's savings department.

With each coupon on each of the ten days on which the coupons appeared, also appeared an appropriate story telling about the coupon, urging thrift and emphasizing the fact that the coupon offered the easiest possible way of securing fifty cents. Much of the really exceptional success of the campaign is attributed to the fact that these stories appeared with each coupon and that the coupons did not appear alone. These stories also carried the rules of the affair which were as follows:

1. One dollar of any account must remain on deposit one year.

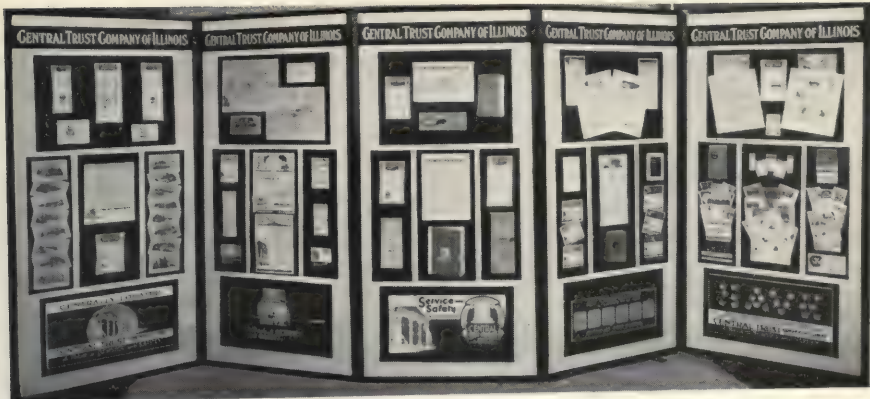
2. If a second deposit is not made within six months, the depositor can withdraw only his original fifty cents at the end of the year and must return the Liberty Bell bank upon such withdrawal.

3. Only one account may be opened by an individual but accounts may be opened by every member of the family, if desired.

Now for some of the results of the campaign.

As we stated in the beginning of this article more than 1400 new accounts were opened during the ten days that the coupon appeared. But the total number of savings accounts now opened as the result of this campaign is well over 1600.

Several hundred of the accounts were opened with sums larger than \$1. The highest amount with which any account was opened was \$102. Many people opened accounts for their children and quite a large num-



Display of advertising by the Central Trust Company of Illinois at the Morrison Hotel during the Association of Commerce Foreign Trade Week. Every advertisement, form letter, folder, booklet and display card was personally produced by the bank's advertising manager, L. E. Delson. The display was divided into the following panels: 1, Banking; 2, Foreign; 3, Trusts; 4, Bonds; 5, Savings.

ber of people wrote letters to the newspaper urging that the affair be extended into the schools and that the campaign be continued indefinitely for the purpose of inculcating the idea of thrift in the minds of the young people of the city. With-

in three weeks after the close of the campaign quite a number of the Liberty Bell banks had been brought in two or three times filled to capacity.

Now as to the benefits received by the bank from the campaign over and above the opening of all these new accounts and the bringing of all these new people into the bank.

In the first place the bank stopped its regular newspaper advertising during the campaign, thereby saving a considerable sum of money. This saving if deducted from the cost

of \$1.50 per account, would bring down the cost of securing the accounts quite materially.

In the second place the bank secured thirteen days of the best sort of publicity, the sort of publicity which it would be almost impossible to purchase.

In the third place the idea of thrift was placed so firmly in the minds of a great many people by this campaign and the bank was hooked up so closely with this idea in the minds of the people that it is certain the bank will profit from the campaign for years to come.

Begin Savings Habit Now; Here's a 50 Cent Start

Hundreds of persons, business men and women, school boys and girls, are daily taking advantage of the News and Sentinel Liberty Bell Bank, opening savings accounts at the First & Hamilton National Bank. The News and Sentinel Liberty Bell Bank is giving a 50 cent start to every new account. At the end of each month, the bank will deposit 50 cents into the account. If a second deposit is not made within six months, the depositor will receive only his original fifty cents at the end of the year, must return the Liberty Bell Bank upon such withdrawal.

Two years \$10.00 would grow to \$20.00, a comfortable fortune, all without effort on the owner's part. The News and Sentinel wants to help you get started. Clip this coupon today and open a bank account. That little raise gives the other. Here they say:

One dollar of any account must be deposited each year.
1. If a second deposit is not made within six months, the depositor will receive only his original fifty cents at the end of the year, must return the Liberty Bell Bank upon such withdrawal.
2. Only one account may be opened by an individual, but accounts may be opened by every member of the family, if desired.

News and Sentinel Liberty Coupon IT'S WORTH FIFTY CENTS

The News and Sentinel has arranged with the First & Hamilton National Bank to help every Fort Wayne person, especially boys and girls, start a bank account.

This Coupon is worth 50 cents to you. Cut out the coupon, take it with 50 cents to the First & Hamilton National Bank and you can open a \$1 savings account.



Besides being credited with a \$1 account, each depositor will be given a Liberty Bell Bank. A picture of the bank is inset in this coupon.

Sign your name and address here:

NAME

ADDRESS

This is the coupon that helped to open 1400 accounts in 10 days

Selling the Savings Bank to the People

It Will Have to be Done Through Educational Advertising—
Not the Kind of Advertising Used to Sell Merchandise

By FRANK PRESBREY

THE TIME HAS gone by when it is profitable to discuss the question, "Is it legitimate for savings banks to advertise?" Discussion of such a question at this time, when so many of the great banks are advertising in all sorts of ways, is a waste of time and gray matter. It is now recognized that it is

not only legitimate for the savings banks to advertise, but it is the duty of these banks to educate the public as to the uses and functions of a bank of this nature. As the repositories of the savings of the people, they are under an obligation to encourage thrift and to divert savings from boxes



Mid-winter Conference of the Officers and Directors of the Financial Advertisers' Association.

Reading left to right: C. H. Wetteran, American National Bank, Nashville, Tenn.; Guy W. Cooke, First National Bank, Chicago, Ill.; F. C. Adams, National Bank of Kentucky, Louisville, Ky.; F. M. Staker, Commerce Banks, Kansas City, Mo.; G. Prather Knapp, Mississippi Valley Trust Co., St. Louis, Mo.; W. Frank McClure, Fort Dearborn National Bank, Chicago, Ill.; F. D. Conner, Illinois Trust and Savings Bank, Chicago, Ill.; Nora M. Ramsey, Central Office, St. Louis; M. E. Holderness, First National Bank, St. Louis, Mo.; Miss Gray, St. Louis, Mo.; H. M. Morgan, St. Louis Union Trust Co., St. Louis, Mo.; Lloyd H. Mattson, Corn Exchange National Bank, Omaha, Neb.; Ethel B. Scully, Morris F. Fox and Co., Milwaukee, Wis.; Jessamine G. Hoagland, National City Bank, Chicago, Ill.; C. A. Gode, Merchants Loan and Trust Co., Chicago, Ill.; J. V. Corrigan, Liberty Central Trust Co., St. Louis, Mo.

and bureau drawers into the channels of trade. In other words, it is the duty of savings banks to gather together the idle dollars of the people and put them to work.

Now, who is going to educate the great masses of people regarding the true purpose of money? Who is going to impress the people with the great economic truth that their money should be used in developing the building of homes and the great industrial enterprises of the country which furnish employment to hundreds of persons?

Clearly, it is up to the savings banks in each community to do this educational work, and it can only be done through advertising. But what kind of advertising? No one now questions the propriety of savings bank advertising, but how can it be done in a way to relieve the wage earner of the notion that the bank is trying to se-

cure his surplus earnings with which to enrich the "board of directors and the stockholders?" How are you going to relieve him of the suspicion that the bank is the gilded repository for the winnings of clever rich men? Clearly, this is not an ordinary merchandising job. You cannot sell a savings bank to the people by the same kind of advertising you would use to sell shoes or a bargain counter lot of overcoats. Savings bank advertising must be written with candor by men who know what a savings bank is for and who understand popular prejudice against banks in general. It is just this sort of an advertising campaign that is now being carried on by the Savings Banks Association of the State of New York, under the general supervision of Superintendent of Banks G. V. McLaughlin, executive manager, H. H. Wheaton and a board of trustees composed of five

savings bank trustees from each of the five groups of savings banks in the state, with John J. Pulleyn, president of the Emigrant Industrial Savings Bank of New York City, at its head.

Now that the necessity for educational work regarding the functions of a savings bank has been recognized, the man who is to write the advertising naturally asks, "What has a bank got to sell?" The answer is SERVICE. Of course, that is a good answer, but it is not adequate. The question is, what is comprehended under that word "Service?" I should think the things a savings bank has to sell through advertising are as follows:

Thrift,
The savings habit,
The purpose of money,
The uses of a bank,
Safety,
Convenience,
Opportunity,
The board of trustees.

It is my belief that all these must be sold through advertising, and the advertising should carefully avoid all appearance or desire to get the wage-earner's money away from him or away from some competing bank. It should breathe the spirit of thrift and service. It should convey the idea that the bank has been established to help him, to point out to him the opportunities that come to a man who is thrifty enough to set aside a certain portion of his earnings each week or each month.

Of course, the bank must teach thrift—but there is a difference between mere thrift and the savings habit. Many a person does not save what he should save, and he does not put his savings where they will insure him against want and the many contingencies of the future. He is industrious and practices economy and frugality, but the savings habit is not founded, as it should be,

on a well-ordered, definitely worked out plan. All exhortations to thrift should culminate in a savings bank account rather than in industrial stocks or bonds that allure him with higher returns, but which do not possess the elements of absolute safety.

It goes without saying that savings bank advertising should bring to the mind of the wage-earner a clear conception of what money is for, and should impress him with the fact that the savings bank undertakes to keep idle dollars at work, thereby building up the commercial and industrial activities that lie at the basis of the community's wealth and prosperity.

Such advertising should also keep uppermost in the thoughts of the wage-earner that magic word, "Opportunity." To the young man and young woman there comes many times in life an opportunity to make money, to take hold of a good investment, but if no money has been saved the opportunity is lost and the years drift by, leaving the wage-earner without the stimulus that comes from the pride of possession. "Rainy day" money should be something more than an insurance against sickness or misfortune. It should provide the satisfaction which comes from preparedness and from the feeling that one is ready to take advantage of opportunity in the industrial or commercial world.

Now it ought to be very easy to sell the services of a savings bank to the people, but bankers are conservative and there are many difficulties in the way savings banks are managed by boards of trustees, who, more often than not, entertain the notion that everybody knows all about the functions of a bank—all about the service it is prepared to give. Before a bank can advertise or entertain an advertising proposition, it is obvious that some of these difficulties must be removed.

Who's Who in Bank Advertising



MARVIN E. HOLDERNESS

MARVIN E. HOLDERNESS is vice-president and advertising manager of the First National Bank of St. Louis, Mo. He is well-known in financial advertising circles, being one of the originators of progressive bank advertising and author of several books on the subject as well as contributor to the leading financial magazines.

Mr. Holderness was born in Fordyce, Arkansas, and was educated at Vanderbilt University. After being graduated, he became associated with F. O. Watts as cashier of the First Savings and Trust Company of Nashville, Tenn. He went to St. Louis in 1914, entering the employ of the Third National Bank, which has since become the First National Bank in St. Louis, the largest financial institution west of the Mississippi.

Mr. Holderness conceived the idea of organizing the Financial Advertisers' Association, the largest department of the Associate Advertising Clubs of the World, and was one of the first presidents. On January 21, he was presented by the St. Louis Advertising Club with the Melville I. Wilkinson Cup, which is given for outstanding work in vigilance as applied to truth in advertising.

Save Now
for the Thing
You Want Most

THE
SECOND
NATIONAL
BANK

It is good business to
do business with a
strong, powerful bank

The strength, resources
and prestige of this bank
have long been recognized.

SECOND NATIONAL BANK

Capital, Surplus, and Undivided Profits,
\$3,500,000.00

An effective use of illustrations to create an impression of strength.

It is necessary for a bank to do what every business institution does—either employ an advertising agent or delegate

all authority over advertising to the president or cashier and then make a definite, fixed appropriation for advertising. It

is only in this way that a bank can get action. A board of trustees moves slowly and it cannot write advertising or direct the advertising. Some one must have full authority to decide just what kind of copy shall be written and just what kind of policy shall govern that bank's advertising. It is not a job for a board of trustees. In some banks three members of the board are appointed by the president as a committee on publicity and this committee works with the advertising manager, or the cashier, or whoever makes it his business to originate and direct the advertising.

A savings bank whose advertising department is properly organized will not only solicit the savings of the people in the town where it is located, but will have a carefully worked-out system by which deposits are received by mail. It is significant of the power of advertising, when intelligently applied to banking, that in many instances the "mail-order" business of some banks has assumed enormous proportions and has become the outstanding feature of the bank's business. An illustration of this is the great success attained by the Society for Savings in Cleveland, Ohio.

It is also true that savings bank advertising must sell the board of trustees to the people. It must not fail to call attention to the financial soundness of the bank—the solidity and respectability of the trustees—but it must do something more than advertise the financial standing of the trustees and the officers. It must educate the people as to what a bank is for, and it must encourage frugality and thrift by inculcating the habit of saving. Savings bank advertising should have dignity and power and should resort to none of the flippant devices that are used in some kinds of merchandising. It should ring



The Last Horse Car in Rochester

Wound its refulgent way up Main Street Hill in 1892. Stray on the floor to keep one's feet warm, metal runway for the nickel fare, turn-tables and horse harness—all have given way to modern equipment.

The Merchants Bank was established, while horse cars were in operation. Almost every car line in the city still passes its doors.

MERCHANTS BANK of Rochester

Located at the corner of Main Street and South Avenue

Historical copy is gaining in popularity everywhere that there are banks with a history.

honest and true and should contain nothing flashy or sensational—just a plain appeal to plain, intelligent people. The great mass of people are entirely ignorant of the functions of a bank. They look upon the bank as an instrument for increasing the wealth of the wealthy. A bank can very well set aside a portion of its earnings each year to cultivate the saving habit among the people and to teach them that the bank was founded to serve the wage-earner as well as the man of big business. It should impress upon the community the fact that the officers of the bank are trustworthy advisors as to investments; that it is not only their duty but privilege to guide and direct the outside investments of their depositors, to lend them money in helping to build or buy new homes, and to do all in their power to advance the financial well-being of their depositors. There is no reason why every savings bank should not be made a far more valuable institution in the town or neighborhood in which it is located through educational advertising in the daily press and by the distribution

of leaflets written in plain, straightforward language easily understood by the class to whom it is addressed.



HOW BANKS ARE ADVERTISING

THE AMERICAN NATIONAL BANK and American Trust Company of Richmond, Va., are making good use of their three handsome doorways which lead directly into the savings, the checking and the trust departments of the bank. These doorways are pictured in each advertisement of a series put out by the bank as "The Bank with the Three Doors of Opportunity." The first advertisement showed a cut of the three doorways and explained why they were "doors of opportunity" and each succeeding

advertisement gives a satisfactory reason for using the doors by explaining the advantages of the three departments to which they lead.

THE UNION NATIONAL BANK of Philadelphia distributed to customers this year a handsome calendar containing a picture in colors of George Washington and his wife, Martha, at Christ Church, Philadelphia.

"THE WAYS A TRUST COMPANY CAN SERVE YOU" is the title of a folder recently issued by the Security Trust Co., Ltd., of Hilo, Hawaii. It describes the facilities of the trust and agency department, safe deposit department, stock and bond department, insurance department and real estate department.

THE UNITED STATES MORTGAGE AND TRUST COMPANY of New York has issued a booklet de-

"FINANCIAL BACKING"

This is not on exclusive term, as some folks seem to think. Every person can, through a programme of thoughtful Thrift, insure himself against the embarrassing predicaments that very often occur, and that cannot always be anticipated.

Your home should have financial backing. Start a Savings Account today.

Ask for Mr. Hoyt.

SAVINGS DEPARTMENT

THE NORTHWESTERN NATIONAL BANK
PORTLAND, OREGON.

A good thrift appeal forcefully illustrated.

scribing its appraisal and advisory service for churches. This booklet points out in a very interesting manner the various ways in which a trust company may be of service to churches.

THE COLONIAL TRUST COMPANY of Philadelphia recently used advertising space in the newspapers to counteract the effect of exaggerated reports of an abnormal rate of business failures. The bank pointed out that as a matter of fact there have only been during the past year one failure to each 260 businesses, being less than four-tenths of one per cent. mortality. The following is an excerpt from one of the advertisements used:

At this season of the year, could we make a better resolution than to keep so busy mending our own fences that we have no time for gossip about our neighbors—to resolve to run our own business with less waste and more prudence, to pay our just debts so that our neighbor may in turn pay his, and always to remember that the wheels of industry of these great United States run sometimes faster, sometimes slower, but never stop?

R. E. HOTZE has been appointed advertising manager of the Planters' National Bank, Richmond, Va. Mr. Hotze was recently with the Seaboard National Bank, Norfolk, Va.

MISS MINNIE A. BUZBEE, advertising manager of the American Bank of Commerce and Trust Co., Little Rock, Ark., has been awarded first prize by the Arkansas Bankers Association, for the best series of six display advertisements covering the relation of a bank to the public.

THE NATIONAL AMERICAN BANK of New York, which is located near the Grand Central Station, makes a feature of its service in keeping open until 6 o'clock in the evening. The following is taken from a recent advertisement:

All departments of the National American Bank (including the safe deposit vault) are open till

6 o'clock in the evening. If you, one of our depositors, found yourself in the Grand Central Terminal short of funds at 5:35 P. M.—about 20 minutes before train time—you would still have time to cash a check here and catch your train, too.

We have organized this bank to coincide just as far as possible with the needs of our customers—even to business hours.

THE SAVINGS DEPARTMENT of the Central Bank and Trust Company of Asheville, North Carolina, has published a 60-page booklet, entitled "The Story of the Savings Bank." It was written by L. Edwin Gill, manager of the new business department.

THE FIRST NATIONAL BANK of Corona, Cal., arranges its condensed statement so that it may be readily understood by the layman. First it lists its resources, explaining each item

and then it shows its liabilities to the public. It then shows its capital, surplus and undivided profits as a balance explaining that this belongs to stockholders after all debts are paid, being the margin of safety to insure depositors against loss.

THE WOMEN'S DEPARTMENT of the Bank of the United States is advertising in the newspapers a prize contest for salaried women, offering three prizes of \$100, \$50, and \$25, for the best essays on "How I Earn my Salary and What My Salary Earns for Me." The contest is being conducted by Miss M. C. Sears, manager of the women's department of the bank.

THE ASHLAND-BANCROFT office of the Commercial Savings

IS THIS OAKLAND?

This is how Oakland would now look had it grown as fast as the First Savings Bank

During the years 1910-1920 the population of Oakland increased
43%

During the same period this bank's deposits increased over
800%

Had Oakland grown as fast it would now be a city of more than a million and a quarter.

There are twenty-three thousand reasons for the success of this institution—each is a satisfied depositor. We shall be very glad to number you amongst them.

FIRST SAVINGS BANK
of OAKLAND
Savings : Commercial
SIXTEENTH STREET & SAN PABLO AVENUE

BRANCHES:
West Oakland, Leavath and Henry
Berkeley, 1011 Shattuck, at University Ave.

Affiliated with the
FIRST NATIONAL BANK
of OAKLAND

A graphic presentation of the idea of growth

Make Every Week Your Thrift Week

Why stop with one Thrift Week when our Thrift Department is at your service for 52 weeks a year. Open an account today with a \$5 bill and your interest will begin February 1. Bear these facts in mind:

Interest is computed from the first of every month and credited your account quarterly.

Being a National Bank, we are not limited in the amount of deposits we can accept; you can have \$5 or \$50,000 on deposit here.

Arrange to make your deposits by mail if you wish.

If not convenient to call, write Department A for further information.



ATLANTIC
National Bank
257 Broadway—Opposite City Hall

A thrift week appeal by a national bank in New York

Bank and Trust Company of Toledo, Ohio, is boosting the community in which it is located by distributing to depositors a folder containing a list of local merchants urging that people do their shopping within the particular district served by the bank.

THE NATIONAL CITY BANK of Chicago has started the publication of a weekly internal house organ, entitled "National City News." It contains mostly personal items of interest to officers and employees.

THE PEOPLES BANK, LTD. of Hilo, Hawaii, has issued a folder, entitled "The Remarkable Career of an American Merchant." It describes the career of F. W. Woolworth and from this points out the value of thrift.

AT THE NATIONAL BANK OF COMMERCE in St. Louis there has just been finished a new business contest among employees that produced remarkable results.

Early in 1920, Charles Restock, one of the directors of the bank, announced that he would contribute the sum of \$5,000 in cash for new business prizes. The contest began on April 1, 1920, and lasted until

January 15, 1921. There were three separate laps of the contest, each carrying its prizes; at the end of the contest there was a distribution of capital prizes based on the total points amassed by contestants.

During the nine and one-half months, contestants brought to the bank 3,862 savings accounts

with total balances of \$468,-182.00—an average for savings accounts of \$121.00. In addition, there were procured 792 checking accounts with total balances of \$491,016.65—an average for checking accounts of \$620.00.

For "pep" and institutional spirit, The National Bank of Commerce in St. Louis thinks its 375 employees are not to be equalled in these United States.

THERE ARE THOUSANDS of workers in downtown New York who would like to have a checking account in a bank in that section, but they hesitate because of the feeling that their small accounts may not be welcome. The Bigelow State Bank, located at 25 Pine Street, has adopted the slogan, "The Bank for the Individual," and is going after that business by newspaper advertising and direct work. It is a field worth cultivating.

AN IDEA WHICH is being used with considerable success by a



A Greater Bank for Greater Nashville

RESOURCES



\$30,000,000.00

In Announcing its Consolidation with the COMMERCE VALLEY NATIONAL BANK, all American National Bank is not only keeping pace with the wonderful growth and prosperity of Nashville and the entire South during the past few years, but is looking forward to an ever-increasing and far larger and strong banking facilities in care for the business of the future. The combined resources will enable the new bank to handle the business of the large industrial and commercial organizations now doing in the South, while continuing its interest in and financial relations with the many personal friends of the two old institutions.

Name:—The combined bank will be known as the American National Bank.

Capital:—The capital of the American National Bank will be \$1,500,000.00, with a surplus and profits of \$1,000,000.00, making a total invested capital of \$2,500,000.00.

Location:—The American National Bank will occupy its new and handsome banking room adjoining practically the entire first floor of Nashville's largest and most conveniently located office building—The Hudson.

Date of Consolidation:—January Twenty-Nineth Hundred and Twenty-one.

Depository:—The American National Bank will conduct all the departments of a modern bank, with a very facility for handling the accounts of corporations, firms and individuals. It will also have departments for handling the accounts of the Government, National and Safety Deposit Departments, together with special facilities for the Women's Department. The Foreign Department, through its connection with London and Europe, will be able to most efficiently handle the foreign business of its customers.

Directorate:—The Board of Directors will be a combination of the two banks of the old institutions, including active and successful representatives of every line of industrial and commercial enterprise, thereby ensuring a constructive policy of management.

Management:—The Officers, Directors and employees of both banks will be retained in the new organization to assure their continued in the same personal way which has characterized them in the past. The individuality of the two institutions will be carried into the new organization, with all the identity and individuality of the old.

Policy:—It will be the policy of the American National Bank and its numerous contributors to conduct their affairs so as to meet their customers in increasing and developing their new line of business. Ample facilities have been provided for big business, but without detracting from the personal and friendly treatment the individual customer has received from the old institutions for many years and will continue to receive from the new.

The American National Bank *Sixteen Building Third and Union* Nashville

Announcing a consolidation with effective newspaper display

CENTRALIZE YOUR BANKING

Banking	WE invite checking accounts of individuals, firms and corporations—interest paid on satisfactory balances. Interest-bearing certificates of deposit issued. We make commercial loans and extend credit on readily marketable collateral. Our officers are always glad to discuss with business men questions relating to establishing banking connections and credit.
Trusts	WE are equipped to render a trust service of the highest character. We assume the management of property in all trust capacities and act as Trustee Agent, Registrar or Fiscal Agent for corporations. Ask for our folder on "Why the Trust Company as Executor?"
Savings	WE receive savings deposits of \$1 or more and pay 3% interest. Mondays, upon all day from 10 a. m. to 8 p. m. Deposits made during the first ten business days of any month draw interest from the first of the month. Ask for our folder on "Central Trust Coupon System for Saving."
Bonds	WE buy and sell U. S. Government, foreign government, state, municipal, railroad, public service corporation and industrial bonds. We finance established corporations and underwrite security issues of recognized merit. Information furnished regarding securities. Our current list of investments yielding 4½% to 7% mailed on application.
Mortgages	WE deal in high-grade real estate bonds and mortgages setting 6%. We specialize in building loans on Chicago industrial and residential properties. Descriptive circulars of bond issues furnished upon request.
Foreign Trade	WE have every facility for handling foreign exchange and undertaking all kinds of foreign banking transactions, including bank acceptances to finance shipments to or from the United States; issuance of letters of credit and travelers' checks, collection of drafts, issuance of drafts payable in any country and remittance of money by post or cable to all parts of the world. A foreign trade service is maintained for bringing buyers and sellers together, and supplying information regarding markets, tariffs, credits, trading methods and shipping. Our latest folder, "Through Bills of Lading," with special World map, issued gratis.
Commercial Service	WE maintain a well-equipped credit and statistical service. Careful attention given to inquiries regarding the financial standing of concerns located in this territory and elsewhere. Special reports issued on the statistical position of commodities at a moderate charge. A <u>monthly digest</u> of trade conditions mailed upon request.

CENTRAL TRUST COMPANY OF ILLINOIS
Capital and Surplus, \$7,000,000. Deposits, \$60,000,000
 125 West Monroe Street 111 South LaSalle Street
 CHICAGO

Under National, State and Clearing-House Supervision
 Charter Member Federal Reserve Bank of Chicago

Featuring "centralized banking."



large investment house is worth passing on to banks and trust companies. It is a monthly advertising idea contest. A prize of \$25 is offered for the best advertisement or the best advertising idea submitted during the month by an officer or member of the staff. A large amount of usable material is obtained in this way.

SOME TIME AGO, the Guaranty Trust and Savings Bank, Los Angeles, used an observation hive of bees in one of its window displays. There, in plain view, could be seen the thousands of bees inside the hive with their queen, swarming and working all over the brood cells and honeycomb. The inference was plain. It was a strong object lesson in thrift.

"TELL THE WORLD OF JACKSONVILLE" was the heading of a full-page advertisement used by the Barnett National Bank of

that Florida city some time ago. Part of the copy read:

"Know your city."

Encourage your neighbors to know it.

Make it a part of your conversation.

See to it that those about you gain a lasting impression of Jacksonville's varied attractions.

Tell them of its mild climate, its picturesque river, its year-round harbor, its low rail and water rates, its great buying power, its superior position as a shipping port, and its growing importance among the business centers of America."

THE CONTINENTAL AND COMMERCIAL BANKS, Chicago, leaders in effective advertising, endeavor to get the full co-operation of employees in backing up the advertising, as witness this extract from a recent bulletin

to the staff: "Service means knowing what the customer wants, why, and when he wants it, and then putting into action a *willingness* to comply with those wishes, sometimes even to the point of anticipating them. The basic test of banking service is keeping the customer satisfied and happy. A satisfied customer is one of the average kind—one who registers no complaints, who lets well enough alone and whose 'silence gives consent.' A happy customer is one who, in addition to being satisfied, is certain he has *found his bank*. It is he who becomes the bank's best advertisement.

"And here enters the bank man. If the bank man who is the point of contact with the public does not strive to make *each customer* the bank's best advertisement then he will have customers of only the satisfied kind—who are ready to change their accounts to where they can find 'banking happiness.'

BANK ADS AND THE BURIED TALENT

IT IS THE FOREIGN-BORN proportion of our citizens, among whom banks and trust companies need to familiarize better saving and investing methods. Tuesday's papers told of Gavin the Spaniard, who always carried his money—at least three thousand dollars—in his pockets. And Gavin was murdered for the money. Tuesday's papers also told the story of little Antoinette Musso, and how she shook the rug out of the front window. The rug had a tin box rolled up in one end, containing five thousand dollars, "the entire savings of Musso and his two sons, who thought it was safer in the tin box than in the bank."

The old story of the buried talent over again! The strangers within our ports have not only been left to Americanize themselves, but their children

FIRE CHIEF SAVES JEWELS.

Crawls Under Eaves of Blazing Home and Saves \$50,000 Worth.

Special to The New York Times.
ENGLEWOOD, N. J., Jan. 27.—Electric sparks set the attic of the \$100,000 home of George E. Hardy here alight this afternoon and forced Mrs. Hardy and her maid to flee. The flames were shooting through the roof by the time Chief Michael Murray of the Fire Department had four streams at work.

Mrs. Hardy told the Chief she had secreted jewelry worth \$50,000 under the eaves in an alcove of the attic because her husband, President of Hodepnyl, Hardy & Co., brokers at 14 Wall Street, Manhattan, was away. The Chief chopped through the roof at the spot indicated, crawled inside and rescued the jewelry. A pipe organ in the music room was spared damage by a thick covering of tarpaulin, and paintings, silverware and bric-a-brac were carried out unhurt. The damage was estimated at \$25,000.

Clippings like the above make good advertising copy for the safe deposit companies.

inherit the aloofness from the very core of our national prosperity—which is development in practical methods, in sciences and businesses. We owe it to these people who have come into our country to help them up the ropes. They are left to bungle and slide along, and the only methods they know are the methods they left home to get rid of. Nowhere is this truer than in financial matters. They do become incredibly rich, many of them, and many of them sail away again, too, to their native lands, money and all.

But to teach them more progressive thinking and better living, by means of better business methods—that is a task that could be handled patriotically, admirably and profitably—by the businesses involved.

America could instill big business methods in the individual noddles that bob into American labor groups from the incoming steerage passengers. These strange heads hold wonderful power for grim perseverance. In their very departure from accustomed scenes and ways they show the pioneer spirit. That spirit was stronger among the earliest American colonies than it is among the

descendants of their founders today. The "Old Man" who started any one of a dozen business houses you can think of, had much more courage, patience, endurance and single-heartedness than his sons and grandsons today. Why is it? Because they are too far removed from the crude and elementary beginnings of American business, to either understand or need the qualities the Old Man founded their later prosperity upon. But the new, incoming population from other lands would contribute that if it were handled intelligently.

Socialists claim that foreign labor is welcomed here because we want the hard work done; that we take advantage of the immigrant and work him for as near nothing as we can. But these "hands" could just as well as not be taught to feel great pride in upholding Old Glory.

When a man spends fifty thousand dollars on his house, it isn't all "spent," is it? He is incorporating the fifty thousand into the property, isn't he? The immigrant who comes in, works and saves his pay and either spends it or sails away with it, is not a utilized and accounted factor. He is an American by-product. And here is the greatest truth—he has wasted a chance to become something more important than it is to be merely rich—and we have wasted a human factor in American progress.

The Gavins and the Antoinettes are the legitimate business children of the banks and trust companies. Not for loot, but for the familiarizing of proper and progressive methods of living intelligently in American communities. The coöperation between American banking and American populations is obvious; each needs the other. But why are the banks asleep to this truth?—The Daily News-Record, New York.

"If I had to begin my career over again and was offered the choice of capital and no education, or education and no capital, I should unhesitatingly choose the latter. People in every line of endeavor are being constantly surprised by what someone has wrought in the same line through bringing a superior intelligence, a broader education, a finer discipline, to bear upon it. Most people look upon this as a happy hit. But it is the luck which comes from a better trained mind, from a larger outlook, more skill, better training, persistent endeavor and undaunted courage."

—Orison Swett Marden.



Pushing Your Business. By T. D. MacGregor. Explains the principles and practice of financial advertising, illustrating various methods and showing mechanical detail of writing copy. 208 pages.



"I'll stop at THE EQUITABLE on my way to the office to-day"

PERHAPS it's a question of an investment, or the safekeeping of securities and other valuables; perhaps a business problem, or the starting of a fund for the future education of the children.

It may be one of a score of things to ask about—for The Equitable is more than a bank to its depositors; it's a friendly and experienced adviser in their business and private affairs.

If you live in a Westchester or Connecticut suburb, or if your office is uptown, you will find The Equitable as convenient as it is friendly. Our Uptown Office is on Madison Avenue at 45th Street—right on your way to and from the Grand Central. And it has a special department for women.

Will you stop at this friendly bank today?



THE EQUITABLE TRUST COMPANY
OF NEW YORK

BANKING TRUSTS & INVESTMENTS Safe Deposit Vaults
Total Resources Over \$300,000,000

UPPER OFFICE
Madison Ave. at 45th St. 37 Wall Street

CHANCELLER OFFICE
722 Broadway
TELEPHONE 600 DE LA POE

MANHATTAN - 1000 WILLIAM ST. A. S. C.

FINANCING NEW YORK

Copy like this helps to bring the prospect into the bank.

Bank Advertising Exchange

IMPORTANT NOTICE

This list has been thoroughly revised. All members are urged to correct their mailing lists accordingly. All of those named below have agreed to exchange booklets, folders and other publicity matter as issued during the coming year. In order that the fullest measure of mutual helpfulness may be brought about in 1921, every member is urged to live up to this agreement conscientiously and to make a liberal distribution of advertising material.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Bankers Magazine, The, New York.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baugher, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D

Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Bebian, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co. of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E

Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Eklrch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F

Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G

Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.
Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, New York.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Grimm, H. B., mgr. bus. ext. dept., Security Tr. Co., Detroit, Mich.

H

Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hansher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, O. H., Union Tr. Co., Cleveland, Ohio.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Higgins, A. E., adv. serv., 2929 Bway., N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., statistical dept., Union Bank of Canada, Toronto, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, Harold G., secy., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

I

Imhoff, C. H., vice-pres., Union Nat'l Bank, Newark, N. J.

J

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.
Johnson, S. W., mgr. new bus. dept., Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., mgr. adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K

Keeton, M., mgr. svgs. dept., Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., Liberty Nat'l Bank, N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lersner, V. A., comp., Williamsburgh Svgs. Bank, Bway. & Driggs Ave., Brooklyn.
Lord, A., American For. Bkg. Corp., 58 Bway., N. Y.
Lyons, W. S., Union Trust Co. of D. C., 15th & H Sts., Washington, D. C.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
 McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
 McElvare, R. R., mgr. serv. dept., Nat'l Bank of Commerce, N. Y. C.
 Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Bway., N. Y. C.
 Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
 Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., 1st Nat'l Bank, Berkeley, Cal.
 Muralt, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

N

Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O

Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Painter, W. H., asst. to pres., Security Nat'l Bank, Dallas, Tex.
 Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N.Y.C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr. new bus. dept., American Nat'l Bank, Richmond, Va.

S

Sawyer, W. M., mgr. pub., Nat'l City Co., N. Y. C.
 Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Schlater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept., Industrial Svgs. Bank, Flint, Mich.

Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.
 Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n, South Bend, Ind.
 Streicher, J. H., New Bus. Dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
 Sutton, F. T., pub. mgr., Mercantile Bank of the Americas, N. Y.

T

Tait, A. G., pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thurston, W. B., Jr., mgr. for. dept., Merch. Mechanics 1st Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
 Wadden, L. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.

Z

Zambrano, A., Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.



NEW NAMES

Allen, W. S., pub. mgr., Southwark Nat'l Bank, Philadelphia, Pa.
 Banco Mercantil Americano del Peru, Lima, Peru, S. A.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.



Book Reviews

THE OUTLINE OF HISTORY. By H. G. Wells. (2 vols. 8 vo.); New York: The Macmillan Company.

OCCASIONALLY out of the immense volume of books annually pouring from the press there comes one of such character as to compel your attention, and that is distinctly worth reading. To this rare class of books indubitably belongs "The Outline of History." A really adequate review of so comprehensive a work is manifestly impossible, and one must be content with a bare indication of its scope and qualities.

In the first place, it deals with the ages before evidence of man's existence are discoverable, and traces the growth of the vegetable and animal kingdoms until man's appearance, when the rise and progress of the various civilizations are sketched in outline. The minute details of the military struggles are avoided, but enough of them is related to give the reader an understanding of their significance. It is an attempt, as the author says in his introduction, "to tell truly and clearly, in one continuous narrative, the whole story of life and mankind, so far as it is known to-day."

This attempt is by no means a small one, and it is no faint praise to say that the author has succeeded in it.

The earlier chapters are the least fresh and interesting, not alone because they traverse familiar ground, and deal with ages about which little is certainly known, but for the further reason that the author does not appear to be at his best in handling problems which are scientific in their nature. For example, he explains the absence of man's immediate ancestor in any of the geological strata by saying that very likely this ancestor lived in the open ground, where fossil remains would not be preserved as they were in the case of submarine life. It does not seem to occur to Mr. Wells that possibly the "link" may be missing because it never existed.

But when Mr. Wells gets away from the realms of hypothesis, and begins to deal with men and nations of whose history some authentic records remain, he is on firm ground, which he treads with sure steps.

The style of the book is admirable in its simple lucidity. It is never uninteresting, and is generally candid and fair.

Some of his judgments will fail of universal acceptance, of course. He denounces Napoleon unsparingly, calling him a "brassy swindler," and the inspirer of forgers, thieves and crooks generally. Gladstone he calls "profoundly ignorant," but admits that it was this "profoundly ignorant" Gladstone who offered genuine home rule to Ireland for the first time in history. Dealing with our Civil War, mention is made of Lee and Sherman, but nothing is said of Grant. Lincoln he dismisses in a sentence or two. It is incomprehensible how Mr. Wells, who is scrupulously noting the rise of the people to a decisive voice in their own affairs, entirely misses the great importance which the example of Lincoln's life afforded.

The author, except in the case of Napoleon, displays few personal animosities, though he unsparingly condemns Cato Major.

Mr. Wells tells us that history never repeats itself, a dictum which his own work strikingly and amusingly confutes. He relates how Alexander the Great had an ambition to form a League of Nations, but was forestalled in this magnificent plan by his wife, Olympias. Then when Mr. Wells comes down to the Paris Peace Conference, he says that this later proposal for a League of Nations came to nothing because the President of the United States took his wife with him to Europe. Here is a repetition of history with a vengeance.

But the principal significance of this work lies in its main thesis, which might be put in a few words as "the moral collapse of Christianity," but which Mr.

Wells may be allowed to state more fully. He says (Vol. II, p. 90):

The first thing that will strike the student is the intermixture of the efforts of the church to establish the world City of God. The policy of the church was not wholeheartedly and continuously set upon that end. It was only now and then that some fine personality or some group of fine personalities dominated it in that direction. The Kingdom of God that Jesus of Nazareth had preached was overlaid, as we have explained, almost from the beginning by the doctrines and ceremonial traditions of an earlier age, and of an intellectually inferior type. Christianity almost from its commencement ceased to be purely prophetic and creative. It entangled itself with archaic traditions of human sacrifice, with Mithraic blood-cleansing, with priestcraft as ancient as human society, and with elaborate doctrines about the structure of divinity. The gory finger of the Etruscan pontifex maximus emphasized the teachings of Jesus of Nazareth; the mental complexity of the Alexandrian Greek entangled them. In the inevitable jangle of these incompatibles the church had become dogmatic. In despair of other solutions to its intellectual discords it had resolved to arbitrary authority. Its priests and bishops were more and more men moulded to creeds and dogmas and set procedures; by the time they became cardinals or popes they were usually oldish men, habituated to a politic struggle for immediate ends and no longer capable of world-wide views. They no longer wanted to see the Kingdom of God established in the hearts of men—they had forgotten about that; they wanted to see the power of the church, which was their own power, dominating men. They were prepared to bargain even with the hates and fears and lusts in men's hearts to ensure that power.

The author's views on this subject are again thus further set forth in volume I, page 576:

This doctrine of the Kingdom of Heaven, which was the main teaching of Jesus, and which plays so small a part in the Christian creeds, is certainly one of the most revolutionary doctrines that ever stirred and changed human thought. It is small wonder that the world of that time failed to grasp its full significance, and recoiled in dismay from even a half apprehension of its tremendous challenges to the established habits and institutions of mankind. It is small wonder if the hesitating convert and disciple presently went back to the old familiar ideas of temple and altar, of fierce deity and propitiatory observance, of consecrated priest and magic blessing, and—these things

being attended to—reverted then to the dear old habitual life of hates and profits and competition and pride. For the doctrine of the Kingdom of Heaven, as Jesus seems to have preached it, was no less than a bold and uncompromising demand for a complete change and cleansing of the life of our struggling race, an utter cleansing, without and within.

The ideas above expressed, and even more extreme statements of them, run through this work as a continuous thread.

That a writer of history, seeking to find an explanation for the present status of civilization, should attach so much importance to this matter, must excite the profound interest of every careful student of human affairs.

Before closing this notice, mention must be made of the scholarship it evidences. The bibliography constitutes an inviting field to the student of history.

Mr. Wells is fair and even generous in his references to the United States, for whose people and institutions he evidences a sincere liking. He points out that the Monroe Doctrine has saved the American countries from the grasping policies of the European powers.

The causes of the Great War are correctly stated. Mr. Wells does not attach great weight to the notion that the Germans displayed unusual atrocity in conducting their campaigns.

Coming down to the Peace Conference, its moral failure is emphasized. The verdict of this historian is decidedly against President Wilson, as it is likewise against the League of Nations. But Mr. Wells believes that the trend of events is toward a world unification. His concluding chapter, in which he pictures this future state, though necessarily largely imaginative, is exceedingly noble.

The author thus hopefully expresses his confidence in the world's approaching return to sanity:

Tremendously as these phantoms, the Powers, rule our minds and lines to-day, they are, as this history shows clearly, things only of the last few centuries, a mere hour, an incidental phase, in the vast deliberate history of our kind. They mark a phase of relapse, a backwater, as the rise

of Machiavellian Monarchy marks a backwater; they are part of the same eddy of faltering faith, in a process altogether greater and altogether different in its general tendency, the process of the moral and intellectual reunion of mankind. For a time men have relapsed upon these national or imperial gods of theirs; it is but for a time. The idea of the world state, the universal kingdom of righteousness, of which every living soul shall be a citizen, was already in the world two thousand years ago never more to leave it. Men know that it is present even when they refuse to recognize it. In the writings and talk of men about international affairs to-day, in the current discussions of historians and political journalists, there is an effect of drunken men growing sober, and terribly afraid of growing sober. They still talk loudly of their "love" for France, of their "hatred" of Germany, of the "traditional ascendancy of Britain at sea," and so on and so on, like those who sing in their cups in spite of the steadfast onset of sobriety and a headache. These are dead gods they serve. By sea or land men want no Powers ascendant, but only law and service. That silent unavoidable challenge is in all our minds like dawn breaking slowly, shining between the shutters of a disordered room.

Viewed merely as history "The Outline" is a work of first importance. As literature it is entertaining. Its greater worth lies in the clearer insight it affords of the substantial identity of interest between the different peoples of the world.



THE HAPPY DAYS. By Storm Jameson. New York: The Century Company.

To express youth's revolt against convention and the old solutions of old problems, the experiences and ideas of a number of college students are related with a lifelikeness that leaves little to the imagination. They tell us with complete assurance how the difficulties of life are to be got over, but as they meet them from day to day the result differs but little from that which followed adherence to the old solutions. Their attempts at uplift work have about the familiar outcome of like efforts. The heroine frees herself from the conventional ideas about marriage, only to find her freedom re-

strained at last by an inescapable sense of duty. A very human love rises above its ignoble origin when the war strikes its object with blindness.

There is a good deal of foolish talk in the book, of which the following is a fair specimen:

"In these catacombs of murdered humanity the industrial system spreads itself out for you, a monstrous futile circle of greed, over-production and poverty, achieving for the race nothing, but everything for the stuffing and adorning of a few men and women without pride of ancestry or thought for posterity. An organized futility, defended by jack-priests, politicians, and a spreading, scabrous belief that black coats, gramophones and brick villas descend with the other middle-class decencies straight from God through the capitalist."

But there is much sound sense, as for instance:

"Civilization is a failure, not because it is cruel or bloody, but because it has so ordered things that some men are cut off from the land all their lives, and others are rooted in it so fiercely that nothing else for them has meaning or value or any life at all. It is wrong that there should be a man living who does not somewhere touch the soil. It is wrong and wicked beyond belief that a child should be born and bred out of sight of the meadow grass and sound of the homing birds. Men must work in towns, but their homes should be decently spread through the countryside. No man should have to live in cities, save from choice, and none all his life round."

The talk of these brilliant and impractical iconoclasts is crisp and interesting, though marred by an overplus of profanity. As the publishers tell us that Miss Jameson has "won her spurs," perhaps the profanity may be pardoned as a necessary adjunct to spurs, literary and otherwise. Doubtless the photographs are true to life, but the exhibition of ugly photographs, except for the specialist in deformity, has little to recommend it.

VENIZELLOS. By Herbert Adams Gibbons. Boston: Houghton, Mifflin Company.

A series of biographies of great modern statesmen who have played leading roles on the diplomatic stage during and after the Great War is being published by Houghton, Mifflin Company, and *Venizelos* by Mr. Gibbons is the first of the series. The authors selected for this series are men who have been closely associated with the important events they write of and who have had special opportunities for intimate knowledge of the work of their subjects. The extremes of both hostile criticism and partisanship have been avoided. Mr. Gibbons was in Paris throughout the war and during the Peace Conference, he was in very close touch with Mr. Venizelos and writes from the fullest knowledge. He has had the aid of competent authorities on the Balkans and much of the story has come from Mr. Venizelos himself, and from M. Politis, Greek minister of foreign affairs since 1917.



MODERN BUSINESS WRITING. By Charles H. Raymond. New York: The Century Company.

A study and practical application of the principles underlying effective advertisements and business letters, by a man who has had extensive experience in actual business, as well as several years of teaching. In the first three chapters the fundamental principles underlying the selling appeal are discussed and analyzed step by step. Successive chapters take up with definite detail the various aspects of the selling appeal and the mechanics of successful business letters.

Not only are advertisements and direct sales letters fully treated, but considerable attention is given to every-day routine letters of business—order letters, adjustment letters, collection letters, etc. In each case the idea is retained that the letter, although it may be a collection letter, is after all a sales

letter. The application of the principles of the selling appeal to such letters is therefore shown.



FINANCING A BUSINESS. By Joseph M. Regan. Chicago: LaSalle Extension University.

This book is one of the volumes of a new business administration series, and includes many practical problems with which business proprietors, officers and directors of corporations, managers, financiers, treasurers and accountants should be familiar. It is a presentation of sound and dependable methods based on exhaustive research that will assist the business man to a fuller understanding of the financial side of business, and at the same time enable him to simplify the problems and to avoid the pitfalls that are arising constantly. Methods are described that have helped to start the new business, to determine the amount of capital needed in the business, and to enlist the favorable recognition of outside investors. There are important chapters dealing with the relations between the business man and his bankers, the trade acceptance, the use of which is constantly increasing, and financing imports and exports in developing overseas trade.



TATE'S MODERN CAMBIST. Twenty-sixth Edition. By H. T. Easton. London: Effingham Wilson.

This book which has long maintained a high reputation as a standard treatise on the subject of foreign exchange, bullion and the monetary, weights and measures systems of the world has now been brought up to date with the publication of a twenty-sixth edition. All of the changes since the last edition have been included in an appendix, as it was considered wiser not to incorporate these with the text until there is a return to the normal conditions which existed prior to the war.

A COUNTING HOUSE DICTIONARY. By John White Kuhrt. New York: E. P. Dutton & Company.

A reference book for bankers, financiers, business men and their employees. The definitions are clear and comprehensive and the equivalents of each term are given in both French and German for the convenience of individuals and firms doing business in foreign countries.

Supplementing the alphabetically arranged list of words and phrases are specimen documents such as a "Certificate of Origin," Bill of Lading, Under writing Letter, Share Certificate, and so forth. Other information found in the appendix includes minimum scale of commissions, foreign currencies, discount rates, metric system of weights and measures, and a list of general holidays recognized in the United States, Great Britain, France and Germany.



THE FINANCIAL ORGANIZATION OF SOCIETY. By Harold G. Moulton. Chicago: University of Chicago Press.

As modern business has its setting in the midst of a financial system upon which it is at all times dependent in manifold ways, the successful business man needs to know the relation of his business to all financial institutions which make up the financial structure of society.

The modern financial system, composed of commercial banks, savings banks, bond houses, underwriters, trust companies, stock exchanges, commercial paper and discount companies, etc., have all grown up in response to very definite requirements of our modern capitalistic system in connection with the raising of either fixed or working capital. This volume is designed to serve as the basis of a general survey course in finance and to enable the general reader to obtain a clear understanding of the nature of the financial system, and of the

economic functions performed by each of the numerous financial institutions which together comprise the system. It even includes a thorough analysis of such timely financial subjects as: the depreciation of foreign exchange and the financing of foreign trade through institutions organized under the Edge Act; the operation and criticism of the Federal Farm Loan System, and the furthering of the Federal Reserve System both during the war and during the difficult deflation and price-readjustment period of 1920.



EXPORTERS' ENCYCLOPAEDIA. Sixteenth Annual Edition. Edited by Wolcott P. Chapman. New York: Exporters' Encyclopædia Corp.

This book is a work of 1,484 pages prepared as a complete reference work for the American exporter. It includes general information about each of the countries of the world, their ports and trade centers; steamship lines and their agents; general export information; cable rates and regulations; foreign currency tables, and foreign weights and measures.

In the sections devoted to the various countries, there is information of economic value to exporters, including the commodities imported, trading centers, transportation routes and parcel post facts. Each political division is treated separately. Separate information with regard to shipping routes is introduced at the end of the section devoted to each country, while an outline map of the country appears at the beginning of each section.

In addition to the book itself there is a supplement binder. The publishers from time to time issue supplementary bulletins bringing the information contained in the book up-to-date. These may be placed in the binder for reference until the next annual issue of the book is published.

The 1921 edition is the sixteenth to be published.

International Banking and Finance

SPECIAL

 **BANKERS
MAGAZINE**

SECTION

New Export Problems

Mere order-taking in foreign trade has had its day. Though our shipments of goods and merchandise over-seas continue large, bankers and exporters in every line recognize that the turn in the tide has come.

In future, goods that go abroad must first be sold. Customers must be sought, studied, served. Markets must be developed on a basis of information and analysis even more exact than those required in securing export business in the past.

In making contacts with unfamiliar markets—in keeping touch with changing conditions—in carrying out the financial or shipping operations required in over-seas transactions—the Irving's Foreign Trade and Foreign Service Divisions may be able to supply you and your clients with just the information, counsel or commercial aid you need. For export bankers and merchants, Irving service spans all seas.

IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK



A Complete Foreign Travel Service *for* your own customers

BY issuing The Equitable's Dollar Letter of Credit to your customers who are going abroad this year, you will give them the unusual convenience of a complete foreign travel service.

We have established in our Paris Office, 23 Rue de la Paix, a Foreign Travel Bureau in charge of an experienced travel man. He will do the following things to make your customers' travel easier and more enjoyable:

Arrange itineraries and passport visas, purchase boat and railroad tickets, secure hotel accommodations, arrange motor, airplane and sightseeing trips, give reliable shopping and other information, and help solve almost any travel difficulty.

We will furnish you with The Equitable's Dollar Letter of Credit, a Book of Identification, Traveler's Code and "Traveler's Primer," the latter booklet bearing the imprint of *your* bank. For further information, address our Foreign Travel Department, 37 Wall Street, New York.

The Equitable's Dollar Letter of Credit is the safest, most convenient and most economical means of carrying funds while abroad. It will be honored by the principal banks throughout the world.

THE EQUITABLE TRUST COMPANY OF NEW YORK

222 Broadway

London Office

3 King William St., E. C. 4

37 WALL STREET

Madison Ave. at 45th St.

Paris Office

23 Rue de la Paix

Total Resources over \$300,000,000

Financing America's Foreign Trade

From an address delivered by Fred I. Kent, vice-president of the Bankers Trust Company, New York, before the American Manufacturers' Export Association, advancing the reasons why the proposed \$100,000,000 Foreign Trade Financing Corporation should be supported by bankers and business men alike, if it is desired that American export trade is to live.

THE madness of men has undoubtedly reached and passed its peak for the time being. It can only surge forward again if a wave of Bolshevism floods over all Europe, which, though possible, is not at all probable. This spring may see the viper strike once more, as it can only live by war, but when beaten it will surely destroy itself, as every similar development in all man's history has done before.

The next necessity for peace and industrial progress is the fixation of the German reparations. This must be accomplished by May 1, 1921, and it may come before. There is much reason to hope that negotiations now going on may result in the settlement of this difficult problem before many weeks have passed.

Should the reparations be finally determined at an amount that financial and industrial Germany believes can be paid, it is reasonable to expect that Germany will settle down to work and endeavor to meet the obligation. Should this happen, it will certainly have a steadying effect upon industry in surrounding countries. On the other side the Allies will know what they can depend upon receiving from Germany, which in the case of France will be of the greatest possible value. It will enable the government of France to adjust its financial position to a known situation instead of as now, being obliged to make advances for reconstruction in the destroyed districts without any real knowledge as to what proportion of such expenditures is going to be returned. The whole financial program of France would be a much simpler matter to work out, and the pressure on the Government from the people to spend more than it legitimately should toward the recovery of the devastated regions, on the plea that it will have to be paid back by Ger-

many, would be a thing of the past.

With Bolshevism destroyed, and the German reparations fixed under such circumstances, it is conceivable that a condition would soon develop in Europe that would warrant the extension of long-time commercial credits, that is, say from one to five years. If at such time an organization such as the proposed \$100,000,000 corporation were in existence in the United States, and had been for a sufficient period to enable its foreign agencies to get in step with political, financial and industrial development in the European nations, it could safely take part, with a constantly increasing force, in the re-establishment of industry on a basis of practical safety with the exercise of careful judgment. While it is possible to distribute foreign government loans in large, round amounts to the public, small loans of from \$100,000 or so up to a few millions, based on the very best of collateral and undertaken for commercial purposes, cannot be so distributed. But a corporation with \$100,000,000 capital, organized under the Edge Act, could invest in such loans, and then through the issuance of debentures backed by these loans as collateral could make distribution to the investing public. In effect this would enable the individual investor in all parts of the United States to make his savings count for the foreign trade of his country, with its many indirect benefits to him regardless of his business or station in life. He could purchase a security backed by a diversified collateral selected from among those nations whose political situations were such, together with the morale of their peoples, that from a business standpoint it would be a thoroughly legitimate risk, even if he were dependent upon the income so received. Banking institutions organized under state or national laws are not in position to effect such a bringing to-

gether of diversified loans for public distribution.

As all such loans that might be made would be developed particularly to help the foreign trade of the United States through furthering out exports directly, as well as indirectly by increasing the power of foreign countries to buy through the stimulation of their industries by means of our exports, every such act of the corporation in addition to being profitable to it would be of benefit to the whole nation.

The need at the moment for a service such as the corporation could extend covers most civilized countries. Dollar exchange is at a premium the world over, which acts as a deterrent to our export trade that will be felt by us in a very great way as the export power of Europe increases. The reason that such a condition has not already affected our export trade in a more serious way is due to the fact that importing countries have been obliged to come to us because countries with depreciated exchanges were not in a position to meet their requirements. Australia today can import from Great Britain much more cheaply than from the United States, and from France even more cheaply than from Great Britain. A recent decision in Australia which has changed the basis of calculating import duties so that depreciated exchanges are favored in proportion to their discount, has added another large percentage to the increased cost of imports from America to that which already existed. It can, therefore, be expected that as rapidly as England and France are able to manufacture or produce those things which Australia requires that we have been supplying her, trade with us will disappear until this situation is corrected.

A return to normal exchange fluctuations can only occur after a series of developments has taken place in European countries in the following order, except that they may and naturally will act simultaneously in most part.

1. Understanding by labor that those radicals who play upon the passions of laboring men for their own aggrandize-

ment of power are the worst enemies of labor.

2. That governments get their budgets within their incomes, and reduce governmental waste to a minimum.

3. That inflation be stopped, and deflation be started on a reasonable basis.

4. That where necessary, imports be confined to essentials until exportable products and markets can be created that will enable payment for non-essentials as well.

5. That orderly production be resumed.

How can the United States help in this program? By example largely. But when it comes to the resumption in Europe of orderly production, something more is needed. Labor may be ever so ready to work, but it can accomplish little without raw materials, tools, transportation facilities and food. These the United States can and should supply as rapidly as credit can be extended safely. Just when that time will come depends upon Europe, but we have already seen that it may be soon.

The granting of credits today for the stimulation of industry on the basis of present prices is a very different proposition than when government loaned government huge sums to be used to purchase goods at such high prices that payment in normal times will mean the return of many times the quantity of goods loaned. It goes without saying that new loans will go on top of old ones, considering countries as a whole, but it is inconceivable that our Government could be so short-sighted as to demand payment of the loans due to it at a time when payment is impossible, and unless private enterprise in America can safely loan private enterprises in Europe, governmental loans will never be paid.

We may, however, expect too much from the corporation unless we study its limitations.

1. It must operate only as it can do so safely.

2. Its transactions will naturally develop slowly, as its agencies must be established and get in touch with mar-

BROWN BROTHERS & CO.

Established 1818

4th & Chestnut Sts.
Philadelphia

59 Wall St., NEW YORK

60 State St.
Boston

CREDIT INFORMATION

In the many years of our business experience we have compiled valuable credit information concerning individuals, firms, and corporations in all parts of the world. We are in a position to obtain facts of current credit and commercial conditions in this and other countries and to advise as to foreign business usage. This service is at the disposal of our clients.

A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
LONDON, E. C.

Office for Travelers
123 Pall Mall, LONDON, S. W.

kets and conditions before it can arrange credits.

3. It cannot operate faster than the market will absorb its debentures.

4. If its total capacity to make loans could be exercised, and safely, in one year it would not offset our favorable trade balance, in view of Europe's present needs and ability to produce.

5. No human organization could restore the buying power of Europe immediately, even if peaceful conditions prevailed, which they do not.

Admitting all this does not detract from the value of the corporation in the least for many reasons.

1. Europe should not be encouraged in the belief that she can obtain loans unless she puts her house in order and makes them safe, and a corporation of this magnitude which refused to make advances until assured of stable conditions and integrity of purpose on the part of borrowers and their countries would have a steady influence.

2. Its agencies, once established, would enable American trade to keep in touch with general foreign markets and conditions by means of a business organization, whose own success would depend upon its being able to do so.

3. Its every operation would tend to increase the buying power of Europe through stimulation of her industries, which would help turn the foreign exchanges toward normal.

4. By lifting exchange made by exports from a present to a future market when imports in payment were available, help our foreign exchange markets to the extent of its operations.

5. By enabling the exportation of raw materials, manufactures and foods beyond the power of our banks to finance by short term bills of exchange relieve our domestic markets, increase the demand for labor, thus increasing the buying power of labor, and so stimulating domestic production and consumption.

The corporation would not compete with banks organized to do a foreign

exchange business for the purchase of short time foreign bills of exchange. There is actually no place in the market for such competition, as the banks are at present in position to take care of such business as effectively as it can be done with fluctuating exchange rates. The operations of the \$100,000,000 corporation, however, as time goes on should make it easier for the banks to operate, because of exchange being lifted from current markets. Again it must be borne in mind that such operations, even though helpful, would not be reflected in the foreign exchange rates except over a long period of time, but the benefit would be there nevertheless, and they would certainly have a stabilizing effect as transactions began to multiply, regardless of whether it could actually be traced in the rates or not.

If the \$100,000,000 corporation is to be organized its stock should be taken in part by banks, exporters, manufacturers for domestic as well as foreign consumption, and producers of all kinds, as the business which it would carry on would benefit all concerned. If American banks subscribed for the whole of the stock it would be most unfortunate, and should not be done. It would re-

sult in tying up too much banking capital in long time propositions. On the other hand if all industrial interests, manufacturing and producing, take the stock in fair proportion, the resulting benefit to the country would thoroughly justify the banks in doing their part. This would seem to be the general feeling among bankers, and is unquestionably the correct one. If manufacturers and producers cannot see sufficient value to them to warrant subscribing for the stock of the corporation, there is certainly no reason why bankers should do so. On the other hand if manufacturers, producers and bankers go into partnership in an organization of this kind, they can make it the most powerful influence for the good of the foreign trade of our country that is possible under our law. With its network of foreign branches and agencies in every civilized country, it would fix the United States permanently among the nations as a great commercial people, a people who desiring the prosperity of all other peoples wished to exchange their products and manufactures for those of other nations in order that the plane of living of all humanity might be raised from suffering and hardship to plenty.



Banks to Relief of Coffee Importers

THE financial difficulties of the United States of Colombia which reached a crisis during the latter part of 1920, and caused the suspension of payment by five large New York commission houses engaged in the Colombian coffee trade has resulted in the formation of a strong syndicate of New York banks and bankers to aid these New York merchants in liquidating their indebtedness. The syndicate will be known as "The Colombian Acceptance Agreement of January 1, 1921." The operation of syndicate will finance shipments of coffee to this country, centralizing the shipments to the New York merchants to whom the Colombian shippers are debtors. This will help the

Colombian debtors of these New York merchants to liquidate their obligations to them, and in turn will allow the New York merchants to meet their own commitments.

The New York merchants to be aided by the plan are Vasquez Correas & Company, Inc., placed in the hands of Lawrence Berenson and Justus Rupert, receivers, on October 20, 1920; Heilbron, Wolff & Co., Inc., who filed a voluntary petition of bankruptcy on October 25, 1920; Alejandro Angel & Co., Inc.; de Lima, Correa & Cortiszez, Inc., and the Anitoquia Commercial Corporation. The three latter corporations were placed in the hands of committees representing their creditors

under agreements to refrain from suit for specified periods to enable the corporations involved to collect their accounts receivable in Colombia.

The bankers comprising this syndicate are: the Equitable Trust Company of New York, Chemical National Bank, National Park Bank, Battery Park National Bank, Huth & Company, Bankers Trust Company, Bank of New York, Commercial Bank of Spanish America, William Schall & Company, and Schultz & Ruckgaber.

It is the hope of the syndicate managers that the result of the operation of the syndicate will be to lessen the probability of the diversion of coffee from the New York houses in difficulties, or from the holders of the dishonored paper of these houses. Any holder of the dishonored paper of any one of these corporations who is not already a member of the syndicate will be received by the managers as a syndicate subscriber, in order that he may obtain the benefits from the operation of the plan.

The syndicate managers are the members of the committees supervising the affairs of the Alejandro Angel & Co., Inc., Antioquia Commercial Corporation and de Lima, Correa & Cortissoz, Inc.

It is the intention of these committees, as well as of the receivers of Vasquez, Correas & Co., Inc., and the trustees in bankruptcy of Heilbron, Wolff & Co., Inc., to take such action



We have so located our 50 offices throughout the country that every bank in every section is within easy reach of National Investment Service.

as may be necessary to protect the corporations and their creditors from the results of the diversion of coffee by debtors of these corporations in Colombia to banking institutions or importing houses in the United States not already creditors of such Colombian debtors.



League of Nations Scheme for International Credits

THE provisional economic and financial committee of the Council of the League of Nations has recommended to the League a new draft of the international credits scheme suggested at the recent Brussels conference.

The revised plan is given in detail in a copy of the committee's official report obtained by the foreign information department of the Bankers Trust Company of New York.

The final text proposes the formation

of an international organization through which impoverished nations may, under adequate guarantees to the lenders, secure funds for financing approved essential imports. The essential character of these imports would be determined by their value in leading to restoration of export trade of the needy countries.

Assigned assets of these countries appraised at their gold value by an international commission of bankers and

FRENCH AMERICAN BANKING CORPORATION

Capital and Surplus, \$2,500,000—Fully Paid Up

IN addition to complete facilities for international banking in all its ramifications—particularly with France and the French colonies and dependencies—we maintain a Foreign Trade Department organized on the lines of practical merchant banking. These facilities are at the disposal of manufacturers, importers, exporters and out-of-town banking institutions.

Cedar and William Sts., New York City

business men appointed by the League would constitute the security upon which imports would be financed.

Bonds would be issued against the gold value of these assets to an amount of credits approved by the commission. These bonds would be obligations of the Governments issuing them and their service would be secured by the revenue of the assigned assets. Administration of the assets for purposes of revenue production would be safeguarded against the possibility of default and loss to bond holders. The safeguards are outlined at length.

It is proposed to have a competent business man appointed, without delay, to work out details of the revised scheme, determine how far it can be applied in conjunction with existing services, and discover the extent to which borrowing countries are likely to avail themselves of the plan. Under certain conditions he would be empowered to put some details of the scheme into immediate operation.

The economic and financial commit-

tee has decided that there is no special necessity for calling an International Conference during 1921 to deal solely with the financial organization to be established by the League, but has not yet decided whether a conference on economic affairs is necessary. It has approved a budget of £50,000 for its own expenses during 1921.

Great Britain

EXCESS PROFITS TAX REMOVALS CHEER BRITISH BUSINESS

Advices from England to Frederick C. Harding, agent in New York of the Anglo-South American Bank, Ltd., report the outlook in London more cheerful due to the removal by the government of the excess profit duties which business men have alleged for some time have had an adverse effect upon busi-

ness. As a result of the removal business men and bankers possess a more optimistic viewpoint which is reflected in renewed business confidence.

The removal of the duties is said to have been brought about by the fact that the revenues therefrom were a year in arrears and that the removal is expected to mean an automatic increase in the income tax revenues in better times. The action was immediately reflected in a favorable effect upon stocks which was somewhat restricted, however, by poor financial conditions abroad.

NEW SILVER CURRENCY

The British Mint is issuing a new silver currency, half silver and half alloy, consisting of 500 instead of 925 parts fine silver to the 1,000. The latter has been the authorized quality since the reign of Queen Elizabeth.

In course of time the present silver will be withdrawn from circulation and this new coinage will replace it. The currency cannot be used in payment of foreign debt and is intended only for use as small change in England.

GREAT BRITAIN'S NATIONAL DEBT

Great Britain reduced her national debt by £247,000,000 in the year 1920. The British debt outstanding on December 31 was £7,832,000,000 compared with total debt of £8,079,000,000 at the close of 1919. Less than one-sixth of the British debt, or £1,163,500,000 is owed to foreign countries, principally to the United States.

Apart from whatever arrangements may result from the impending conferences between British Treasury representatives and the United States Government, Great Britain has no very heavy repayments of foreign debt maturing for several years to come. Detailed statistics received by the Bankers Trust Company, of New York, from its English information service, disclose that, in their present status, only about one-tenth of the total of Great Britain's

Louisiana Banking Laws

The laws of Louisiana are based chiefly on the "Code Napoleon" or from the French Law.

The laws of other states are based on the Common Law of England.

For the convenience of banks and bankers of the country we have prepared a booklet on the new Louisiana Banking Laws passed by the General Assembly of 1920.

We shall be pleased to send you a copy upon request.

**Hibernia
Bank & Trust Co.**
New Orleans

foreign obligations is due to be repaid in the next five years.

Comparatively limited repayments, also, are due this year on the debt held at home. The detailed figures show, however, that more than £850,000,000 of the British home debt is due to be repaid in the four years succeeding 1921.

The amount of the early maturing obligations, by years, is as follows:

BRITISH DEBT MATURITIES

(000 omitted)

Year	Home Debt	Foreign Debt
	£	£
1921	71,982	70,719
1922	239,212	34,568
1923	366,609	6,268
1924	53,256	6,268
1925	196,983	.....

The maturing home debt comprises approximately £275,000,000 of exchequer bonds and the balance is na-

tional war bonds. Of the maturing foreign debt £81,850,000 represents payments due the United States on treasury bills, notes and for silver advances; and £29,568,000 is Canadian bank loans. The remainder is due to Japan, Sweden and Mauritius.

LONDON, JOINT CITY & MIDLAND BANK, LTD.

The net profits for 1920 of the London, Joint City and Midland Bank, Limited, after the payment of expenses and other charges, were £2,831,860 19s 7d. The dividend rate is 18 per cent., maintained both in interim and final dividends declared, the former paid July 15 last and the latter February 1. A normal increase in the amount carried forward to the next year's account was made compared with a year ago, £741,618 16s being the item this year compared with £726,852 6s 2d at the end of 1919.

The bank now has a reserve fund of £10,859,800, the same as its paid-up capital. Total resources on the December 31 balance sheet were £422,837,258. 2s 8d.

France

FRANCE TO HAVE NEW FORM OF CURRENCY

A new form of money is about to make its appearance in France. This new currency, according to information received from its Paris correspondent by the Bankers Trust Company, of New York, will be coins made from a composition of bronze and aluminum. It will replace the emergency paper money issued during the war in two, one, and one-half franc denominations. The new money will effect a reform in French "pocket money" by providing small change that is more convenient, durable, and sanitary than the paper bills.

The two franc, one franc and 50 centime bills, because of the deprecia-

tion of French money, have been used as small change along with old ten and twenty-five centime coins, with the result that they have been submitted to wear which small paper bills cannot long withstand. These paper bills were issued temporarily by the various chambers of commerce in France under a special agreement with the Government under which an equal amount of Bank of France notes are deposited in the Bank of France by the Chambers of Commerce for the paper money which they issue.

The small paper currency will be withdrawn as fast as the new coins are issued. Since there is some difficulty in securing the metal necessary to make the coins, it is estimated that it will take two or three years to complete the change.

It is difficult to secure an exact statement of the amount of small paper money issued to date. It is certain, however, that the figure is at least four hundred million francs. The amount actually in circulation is about three hundred millions, one million having been either reimbursed or kept by collectors or destroyed by use.

The new coins or "jetons" will be acceptable throughout France and will be issued under the responsibility of the Ministry of Finance, the chambers of commerce serving merely as the distributing medium.

Because of the shortage of nickel and copper coins as well as small bills, the handling of street car fares and small purchases has caused general embarrassment for some months. The Compagnie Generale des Omnibus which controls practically all the surface lines in Paris has applied to the city authorities for permission to issue small coins of its own for facilitating the payment of fares. These coins when issued will be produced by a private firm and will be acceptable only as fares.

ADVERSE FOREIGN TRADE BALANCE REDUCED

Official returns for the year 1920 indicate that France reduced the adverse



New England contributes to the world's table

In Colonial days, when codfish was legal tender for the payment of debt, New England laid the foundation for a sea-food trade even then extending overseas. That trade has expanded steadily. Hundreds of tons of fish and fish preparations are now shipped each week to foreign and domestic markets. Boston is the largest fishing port in the country, with Gloucester pressing for a close second.

New England's contribution to the nation's table also includes shipments of cereals, grain products, fruits and vegetables. This

territory raises more field corn to the acre than the Middle Western States. Fine-textured berries, apples, potatoes and onions from the many well-favored localities are in strong demand in nearby and distant cities.

The National Shawmut Bank has been participating actively in the upbuilding of New England food industries for more than 85 years. We are firmly established in the confidence of these industries—well situated to act as an intermediary in any transaction in which we can be of service.



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Resources far exceed \$200,000,000

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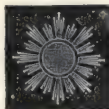
[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .

Capital paid up . . .

Reserve Fund



.. Yen 100,000,000

.. Yen 100,000,000

.. Yen 50,000,000

(¥0.50=1 Yen)

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Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
Bombay	Dairen	Hongkong	Lyons	Peking	Shimonoseki	Tokyo
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Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Soerabaya	Vladivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

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This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

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balance in her foreign trade by approximately 11 billion francs, or 45 per cent., compared to the year 1919. The proportion of exports to imports improved from 33 per cent. in 1919 to 63 per cent. in 1920.

The detailed returns, which have just been received by the Bankers Trust Company of New York, from its French information service are as follows:

FRENCH FOREIGN TRADE

(000,000 omitted)

	1919	1920
Imports, ... Frs.	35,789	Fr. 35,404
Exports	11,879	22,434
Excess im- ports over		
exports	23,910	12,970

An outstanding feature of the returns is that imports were less than in the preceding year, indicating that the high level of France's purchases from abroad

has been passed. The significance of the gain in proportion of exports to imports is apparent when compared with pre-war returns. In 1913 French exports amounted to 81 per cent. of the imports, so that in increasing her exports from 33 per cent. to the proportion of 63 per cent. of her imports in 1920 France made a considerable advance toward reaching her normal foreign trade status.

The returns further disclose that France's exports of food products increased 128 per cent. over similar exports in 1919; the increase in exports of industrial materials was 146 per cent. and of manufactured articles 144 per cent. The comparative figures are:

(000,000 omitted)

	1919	1920
Food Frs.	970	Fr. 2,211
Materials ..	1,937	4,772
Manufac- tures	5,824	14,252

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . £105,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

TRAVEL SERVICE BUREAU OPENED IN PARIS

J. J. Larkin, manager of the Paris office of the Equitable Trust Company of New York, has announced the opening of a travel service bureau under the direction of an experienced travel expert. By means of this department, travelers from the United States will be enabled to secure without annoyance or delay suggestions as to the most desirable hotels in foreign cities and towns, and their rates; arrangements for accommodation in these hotels; the purchase of railway and steamship tickets; information regarding train and boat connections; the arrangement of an itinerary; sightseeing trips with competent guides; arrangements for airplane trips; information as to reliable shops and directions for reaching them. The dissemination of foreign trade information, market news, status of commodity markets, and other information necessary to the American business man abroad may also be taken care of in this new department.

Germany

THE REPARATIONS SITUATION

The big question agitating Germany as well as the other principal countries is war reparations. At the end of January France and England made their reparations demands on Germany. The plan calls for payment by Germany of 226,000,000,000 gold marks, on an annuity basis, spread over a period of forty-two years, plus an annual tax of 12 per cent. on German exports for a similar period.

The amount demanded, although substantially lower than the 400,000,000,000 gold marks originally urged at Paris, and the 269,000,000,000 fixed at the Boulogne conference, appears to be much higher than Germany is willing to pay.

A bitter campaign has been made by the German leaders against the Allied

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Capital Authorized and Subscribed . . . \$15,000,000 (£3,000,000)

Capital Paid-up . . . 5,250,000 (£1,050,000)

Reserve Fund and Undivided Profits . . . 5,730,000 (£1,146,000)

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

demand. The German people appear to be united in opposition. On the eve of the conference called for London at which Germany is either to accept or reject the plan, Dr. Simons, German minister of foreign affairs, made public statements to the effect that Germany would not agree. German leaders are reported busily working on counter proposals.

With an aroused public opinion behind him, Premier Briand of France appears to be intending to stand firm for the terms fixed, as the lowest acceptable to France. It is hinted that when Briand goes to London, Marshal Foch will mobilize the French army in preparation for advance into Germany if necessary to enforce the French demands.

With this condition of affairs prevailing, all eyes are turned toward London. Will Germany agree to the terms? Will France compromise? Will force or reason be the means utilized to work out the difficult situation?

Italy

CONDITIONS IN ITALY IMPROVING

"While the general trend of events in the economic and industrial situation in Italy seems to be marking time, so to speak, it may be stated with authority that the nation, as a whole, is in a much

better frame of mind than it has been for many months past," states the Monthly Bulletin of the Italian Discount and Trust Company, New York.

"The people are showing a steadily increasing respect for law and order, brought about by the influence of the better element of the population, and also, no doubt, by the firmer stand which the government has taken in enforcing its rulings.

"Some of the outstanding factors which have contributed to the improved sentiment in Italy may be summed up thus:

"Premier Giolitti has formulated for legislative action a bill embodying, as equitably as is possible under the present circumstances, the major terms of the agreements recently entered into by the workers and the employers in the various trades. While the plan is more or less tentative, it is hoped and believed that it may act as the forerunner, at least, of really stable and satisfactory conditions for all concerned.

"The culmination of the long-drawn-out dispute between Jugo-Slavia and Italy, as officially established by the Treaty of Rapallo, has reacted favorably on the peoples of both countries. From all reports, Italians are evincing their satisfaction by a display of renewed activity in their daily work, realizing, as they do, that the increased business which will come to their country is bound to result in greater prosperity for them, as individuals.

"The situation with regard to coal is improving every month, and there is fair assurance that this improvement

中 法 實 業 銀 行

Banque Industrielle de Chine

Capital Subscribed . . .	Francs	150,000,000
Capital Paid Up . . .	"	75,000,000
Surplus and Reserves . . .	"	104,000,000
Deposits	"	1,120,000,000

The Chinese Government owns one-third of the Capital

HEAD OFFICE: PARIS

74 Rue St. Lazare

Central Office, Far East: Peking

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Antwerp

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CHINA

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Canton
Foochow
Hankow

Hongkong
Swatow
Shanghai
Tientsin
Tsinanfu
Yunnanfu

JAPAN

SIBERIA

MANCHURIA

DUTCH EAST INDIES

UNITED STATES

Yokohama

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Mukden

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will be maintained, if not increased, in the immediate future.

"The one disquieting element in the nation's life at this time is the bread problem. While the government's action in raising the price of bread to the people is looked upon as a further temporary hardship, the more intelligent part of the population sees in this movement an eventual betterment of the country's finances, and a resultant improvement in individual prosperity. This long-range view is undoubtedly the correct one, but it is not an easy matter to convince a people already heavily burdened that one more burden is going to be good for them. The official figures show that from July 1, 1914, to December 31, 1920, the loss to the Italian government on foreign cereals imported and national cereals requisitioned amounted to the astounding total of 15,542,000,000 lire. This is an appalling deficit, which will have to be met, until conditions right themselves, by increased agricultural production, a

higher-priced loaf, and stiffer taxes.

"Italy's total consumption of wheat for the agricultural year 1920-21, is reckoned at 40,000,000 quintals. Of this amount, only about 12,000,000 quintals will be available for requisition, because of the failure of the local crops this year. As a consequence, 28,000,000 quintals of wheat will have to be provided by imports at prices considerably higher than those fixed for the domestic product."

Belgium

BELGIANS URGE SYSTEM OF BARTER

A system of barter, whereby manufactured Belgian articles would be exchanged for raw materials, is advocated by the Belgian government. Delegates have been sent to the United

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Head Office, London



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States, Brazil and Rumania to open negotiations. Cotton piece goods and textiles will be especially offered by Belgium as the situation in the Ghent district is serious, the spinning and weaving mills working only half time and stocks accumulating through lack of sales. It is reported that 9,000 out of 11,000 workers are on short time and do not earn enough to make a living.

Far East

CHINESE FAMINE SUFFERERS RELIEVED

An Associated Press dispatch from Peking says that most of the Chinese famine sufferers are assured against starvation by the ample stocks of grain on hand at points reached by railway. The entire district affected is now within reach of relief stations, to which

grain is being supplied as fast as it can be transported into the interior by cart and man power. Notwithstanding the widespread area of destitution, there have been comparatively few deaths from starvation, owing to the measures taken by relief workers.

The number of persons affected by the famine has been variously estimated at from 5,000,000 to 21,000,000, the latter being the number given by the United International Committee. It is conceded, however, that the first estimates were exaggerated, owing to the lack of an accurate census and the spotty character of the famine, which now affects neighboring towns with different degrees of severity, due to the improvement brought about by the late crops.

The crucial period, according to investigators on the ground, will come in the spring, when the people, weakened by privation, will have to take up their work on lands that are now mortgaged and without farm animals. The

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in China by
Asia Banking
Corporation

Asia Banking Corporation

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San Francisco Office

in the

Robert Dollar Building: 301 California Street

THE ESTABLISHMENT of this office on the Pacific Coast, which is made necessary by the steadily growing volume of the Corporation's business, is one more indication of the healthful expansion of American enterprise in Far Eastern trading.

The head office of Asia Banking Corporation was opened in New York in the latter part of 1918. In February of the following year, the headoffice in the Far East was established at Shanghai; and other branches in the Orient were opened in rapid succession at Hankow, Peking, Tientsin, Hongkong, Manila, Canton, Changsha, and Singapore.

Through its head office in New York, its office in San Francisco, and its nine branches in the Far East, the Corporation is uncommonly well fitted to serve American business interests engaged in trade with China and all other sections of the Asiatic Continent in every requirement of foreign banking.

Current, Fixed and Savings Accounts accepted at our branches in the Orient in Taels, Mexican Dollars, Pesos, United States Gold, Sterling and Francs—on which interest is paid.

Commercial and Travelers' Letters of Credit issued.

Bills of Exchange purchased and collected.

Credits established for financing imports and exports.

Funds paid or transferred by mail or cable.

Credit information furnished relative to the standing of corporations and firms in China and other countries of Asia.

Branches in the Far East

SHANGHAI

HANKOW
PEKING
TIENTSIN

HONGKONG
CHANGSHA

CANTON
MANILA
SINGAPORE

Asia Banking Corporation

Head Office: 35 Broadway, New York
San Francisco Office: 301 California St. (Robert Dollar Bldg.)

Capital \$4,000,000

Surplus and Undivided Profits more than \$2,000,000

Canadian Securities



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Write for our list of offerings to:

The Canadian Bank of Commerce

Bond Department

Toronto, Canada

Capital Paid-Up \$15,000,000

Reserve Fund \$15,000,000

winter wheat crop, however, has been generally excellent. There have been no epidemics except the usual occasional cases of typhus.

The funds in sight for relief work amount to about \$10,000,000, which includes contributions from America estimated at \$6,000,000. According to the International Committee, \$7,000,000 more will be necessary to take care of the famine stricken areas until harvest if the work of the relief organization is also maintained.

The American Red Cross is chiefly engaged in road building, with auxiliary relief activities among the laborers and their families. Funds supplied by the American Committee for China Famine Fund, headed by Thomas W. Lamont, are distributed among the various organizations as required. A Chinese drive for famine relief has been begun, in which many foreigners will take part.

Scandinavia

SWEDISH VIEWS ON MONEY MARKET

It is the opinion of leading Swedish economists that a return to normal rates of interest on capital, even for essential commercial and industrial activities, need not be expected for perhaps five years to come, according to "Present Day Scandinavia," published by the Liberty National Bank, New York. Scarcity of capital itself rather than an exceptionally increased demand for money, it is believed, will for the most part necessitate high rates of interest during these years although some slight decline may be effected under the influence of general business depression.

Professor Gustav Cassel, in a recent financial report of Skandinaviska Kreditaktiebolaget, points out that the pres-

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

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Cienaga

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Honda
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ent bank rates scarcely correspond to the real stringency of the money market notwithstanding their severity. Even the present rates, he says, are not sufficiently high to bring about the necessary reduction of the demand for capital and unless the supply of savings becomes plentiful it will take a long time before a really justified transition to normal rates may be anticipated.

"The shifting of the distribution of income between the different classes of society which has taken place during the last years," says Professor Cassel, "has considerably reduced the 'ratio of savings,' i. e., the quotient of the public income which is used for the creation of new capital. The effect hereof is further aggravated in a high degree by the recent development of taxation through which the essential burden of taxes has been laid on the larger incomes, especially on those of the companies.

In all probability, therefore, the savings during the next years will be con-

siderably less than what they would have been under normal conditions. And it is then inevitable that the rates of interest will remain at an extraordinary height. If the building activity slackens and industry, in despair of the future, refrains from all extensions, the demand for new capital may be considerably reduced for some time. But in the long run imperative needs will necessitate the resumption of both building activity and industrial extensions.

"If we further take into consideration the great and constant need of capital for the commercial activities of the state and for the municipalities and remember to what extent these needs are kept back by the high interest rates and restrictions, we must arrive at the final conclusion that interest cannot for a long time return permanently to so-called normal rates."

If these conclusions prove correct it may be expected that Sweden, in common with the other Scandinavian countries, will continue to appear in the



Banking Service in the Far East

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Rangoon

CEYLON
Colombo

CHINA
Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

**FRENCH
INDO-CHINA**
Haiphong
Saigon

INDIA
Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras
Tavoy

JAPAN
Kobe
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JAVA
Batavia
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SIAM
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SUMATRA
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Chartered Bank of India Australia and China

Head Office
London

New York Agency, 88 Wall Street
William Baxter, Agent

Capital and Reserve
Over \$24,000,000

American market for capital to finance part of her state and municipal requirements.

Australasia

COMPANY FORMED TO SELL AUSTRALIA'S WOOL

The British Australasian Wool Growers' Association, with a capital of \$125,000,000, has been formed, according to cable advices from Australia, to take over 900,000 bales of wool from the British Government, for which it will be the sole selling agent.

Mark Sheldon, Australian commissioner in New York, said upon receipt of the information, that he hoped Americans would realize that there would be no dumping of Australian wool here. On the contrary, the asso-

ciation's policy would be to maintain the price level. The foundation of the association should be of interest to the growers of this country and Argentina. Australia would welcome similar action on the part of the growers both in the United States and Argentina, because that would help more than any tariff regulation to stabilize the market and enable the grower to obtain a living return for his outlay.

South Africa

SOUTH AFRICA DEFEATS NATIONALISTS

The recent election in South Africa, regarded as one of the most important ever held in the British Empire, resulted in a defeat for the Nationalist movement favoring separation from

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Great Britain and the formation of an independent republic. The result also is a victory for Gen. Jan Christian Smuts, Prime Minister, and head of the Coalition party.

Latin America

CENTRAL AMERICAN REPUBLIC PLANNED

Reports received at Washington indicate that the proposed Central American Republic is to become a reality. Dr. Julio Bianchi, Guatemalan minister to the United States, is quoted as saying the republic will become a fact by September 15 next.

Early in January treaty negotiations were held at San Jose, Costa Rica. Congresses of Guatemala, Honduras, Salvador and Costa Rica are expected to ratify the agreement signed at that

conference. Nicaragua, it was explained, withheld her signature because she did not wish to surrender certain rights, especially in reference to the treaty making power, but a provision was inserted in the pact to permit her admission at any time.

It is estimated that the republic will ultimately comprise 5,000,000 people. The terms of the treaty as made public by Dr. Bianchi include a form of government modelled upon the Constitution of the United States, with three separate branches, the legislative, executive and judicial, although the executive is more similar to the Swiss system. It is provided that a constitutional convention may be called when congresses of three of the countries have ratified the treaty.

PORTO RICO'S TRADE

Commerce between the United States and Porto Rico is greater than the trade of the United States with the whole of Central America or with any South

American country, excepting only Argentina and Brazil, it is pointed out by the National Bank of Commerce in New York in its magazine, the Commerce Monthly. In the fiscal year 1920, the United States took 88 per cent. of the total value of goods exported from the island and supplied 94 per cent. of the imports.

"Owing largely to the high prices received from the sugar the value of the exports from Porto Rico in 1920, was much greater than for any previous year," says Commerce Monthly. "Total exports were valued at \$150,811,449 as compared with \$79,496,040 in 1919, an increase of over \$71,000,000, of which nearly \$51,000,000 was accounted for by the increase in the value of sugar exports. In both years all but an insignificant amount of the sugar exported went to the United States. The total value of exports to the United States in 1920 was \$133,207,508, an increase of \$62,192,157 over the previous year.

"The value of imports into Porto Rico was likewise much higher in 1920 than ever before, amounting to \$96,388,534, an increase of \$33,988,174 over 1919. The principal increase was in cotton goods, which were valued at \$18,021,275 in 1920, as against \$7,122,932 in 1919. The next largest gain was in leather goods, which were valued at \$3,918,335, an increase of \$2,137,941. Rice, valued at \$14,194,688 and coming entirely from the United States, showed an increase of \$2,073,023 over the previous year in value, but a decrease in quantity from 155,069,940 to 133,449,140 pounds. The value of the total imports from the United States increased from \$57,898,085 in 1919, to \$90,724,259 in 1920.

"By far the larger part of each of the leading exports from Porto Rico is regularly sent to the United States with the single exception of Porto Rican coffee, which appears to suit Cuban and Spanish tastes better than it meets American requirements."

PARK-UNION FOREIGN BANKING CORPORATION 56 Wall Street, New York

THE total resources of this Bank are over twenty-two million dollars. Our Foreign Exchange Department is taking care of the foreign exchange business in sterling, francs, lire and marks as well as Scandinavian, Central European and Far Eastern exchange for over two hundred banks within the United States, for many foreign banks and commercial firms. This enables us to offer unsurpassed facilities for buying and selling foreign exchange.

Capital (fully paid) - \$4,000,000
Surplus and Undivided
Profits - - - \$621,000

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E. B. MACKENZIE - Sect'y & Treas.

Mexico

THE MEXICAN SITUATION

Writing in the monthly review of the Corn Exchange Bank of Philadelphia Robert Boomer says:

The profound axiom regarding Mexico is that the stupendous natural wealth of the country plus an eighteen-hundred-mile common border with the United States has forced, and will continue to force, an economic development which the most adverse combination of circumstances can only retard and not stop. Consider an anti-American President, such as Carranza, a World War, and a laissez-faire policy in Washington; it is hard to conceive of more inauspicious elements. Yet millions of American capital flowed into Mexico during this period; chiefly into the great oil fields of Tampico, but also into mines, smelters, timber land, cotton and coffee plantations, etc.

Judgment based on facts

The difficult period of readjustment through which we have been passing has its reflection in our business relations abroad. The slump in our own markets for coffee, hides, wool, for even such purely domestic products as wheat, cotton and steel, has a depressing effect the world over.

A period of readjusting values compels careful and trained judgment based on facts. Today, as never before, our foreign trade demands the same care and attention which we readily bestow on our domestic business.

No one realizes more clearly the necessity for positive knowledge of current conditions abroad than the American bank with close foreign connections through branches and affiliations. This bank keeps in close touch with business movements abroad through the medium of trained observers here who are in constant communication with its foreign organization. The specialized knowledge of these men constitutes one of the most valuable phases of the bank's service at the present time.

This bank welcomes an opportunity to furnish information on the trend of business and financial conditions in Latin America, France, Spain and Germany.

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BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

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Every Kind of Banking and Exchange Business Transacted

All profit postulates a risk—and the possible profits in Mexico are so great that apparently no risk can stop the march of development.

A number of American banks are studying the field for future business, and most of them have agents in Mexico City. A large London bank has just opened a branch there.

The Mexican International Corporation, of New York and Mexico City, was formed last year to finance or rehabilitate industrial and business concerns in Mexico. Several large banks in the United States are interested in this venture and represented on the directorate.

New local banking institutions have been formed and are making money. The Banque Française du Mexique, formerly the Banco Lacaud, has secured French capital and is doing an active banking business. The profits of this bank during the past year were very high.

Financially the country is sound. All paper currencies were practically swept into ineffectiveness by their complete depreciation and the country suddenly found itself on a solid gold basis because there was nothing else accepted as the circulating medium. There is little credit, interest rates are extremely high, banks charging as much as 2 per cent. a month for loans, and few bills are paid by check. A man walking

along the street with a bag of gold, going to pay his bills, is no uncommon sight. The economic conditions are, therefore, elemental, but they are also eminently sound for exactly the same reason.

The profoundly serious and ever-present problem in Mexico is the Indian population, which comprises probably 85 per cent. of the whole country. These people are illiterate, completely ignorant and ground down by centuries of oppression and poverty. The education of these masses is the problem which must confront any Mexican Government. The process must be of necessity a long one, but slight efforts already made indicate that the Indian will respond readily to the proper instruction. Just as the hope of Mexico lies in an intelligent Indian population, its greatest menace lies in the misdirected efforts of these same people.

On the whole the outlook is conservatively optimistic. This is sufficient to make the investor look toward golden Mexico, the treasure house of the world, with its untouched mines, its oil, its cheap land and cheap labor, its vast potentialities for the production of raw material, its glorious climate, its scenic beauties and historic charm. But those who look at the Mexico of the past and of the future, silently and resistlessly continue to invest and to do business, thankful for a favorable turn, but not



Service Through 70 Branches

FROM the time when the raw material is shipped from its source to the factories for manufacture, until as a finished product it is transported to all parts of the globe, modern commerce and industry are dependent on international banking. In their co-operation and development the Banco Nacional Ultramarino, one of the oldest institutions of its kind in the world, has rendered efficient service for more than half a century. The facilities of our 70 branches, reaching all important countries, are available through our New York Agency.

THE STATE BANK OF THE PORTUGUESE COLONIES

Paid-Up Capital . Esc. 24,000,000 = \$25,894,080.00

Reserve Funds . Esc. 24,000,000 = \$25,894,080.00

[At par of exchange]

BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Joseph McCurrach, Agent

Head Office: Lisbon, Portugal

NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

HEAD OFFICE, HAVANA

W. A. MERCHANT, President

JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents

C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18
Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island

2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

Sole Depositary and Fiscal Agent of the Government of Cuba

Offers to Bankers and Merchants throughout the world,
unsurpassed service for facilitating trade with the
rapidly growing markets of Cuba.

ASSOCIATE BANK IN NEW YORK

BANK OF CUBA IN NEW YORK

34 WALL STREET

stopped or depressed by the contrary. The continuous development of Mexico is inevitable; it can be retarded or accelerated by circumstances, but it can never be stopped, and the United States must do the major share of this work.

Cuba

STEPS TAKEN FOR CUBA'S FINANCIAL RECOVERY

With the ending of the moratorium in Cuba, February 1, by presidential decree, there went into effect a legislative program which it is hoped will solve Cuba's financial difficulties. The new moratorium law provides for a sliding scale of payments of obligations, starting with 15 per cent. Mercantile establishments have 105 days, if they request it, to liquidate obligations, and banking institutions 135 days, if they also ask it. However, any concern

availing itself of the privileges of this law and then failing to meet a single one of the payments upon the specified dates will be liable to suits.

A second law, effective also February 1, provides the machinery for the liquidation of such banks and commercial houses as may become obliged to suspend payment and also for their reorganization. This law has been founded on the fundamentals for the law governing federal receiverships in the United States.

Another step which it is hoped will aid Cuba in its economic recovery is a law recently made effective to create a selling commission to handle the 1920-1921 sugar crop. This commission, it is understood, will be composed of both Cubans and Americans. It is hoped that with the entire crop being handled by the one selling organization, a sufficient scarcity may be created to force the price up. Cuban papers recently have spoken of an attempt being made by Cuban sugar planters to hold their sup-

plies for a 6 cents a pound price. If such a price could be had for the crop, a banker in touch with the situation recently said, it will prove of much assistance in solving Cuban financial difficulties.

CUBAN SITUATION REPORTED IMPROVING

Material betterment in the financial and commercial situation in Cuba, with promise of continued improvement within the next few months, were reported by James H. Edwards, representative in that island of the Irving National Bank, who recently arrived in New York from Havana.

Within a comparatively short time, Mr. Edward said, a partial resumption of sales from the United States to Cuba may be looked for. He expressed the opinion that while the ordeal through which Cuban merchants have passed has been most trying, the percentage of actual loss to exporters in this and other countries as a result of the island's money crisis will be much smaller than might be looked for.

India

INDIA AS AN INDUSTRIAL COUNTRY

India's position as an industrial country is presented in striking figures, from official British sources, which have been submitted to the secretary-general of the League of Nations. Details of these statistics received by the Foreign Information Department of the Bankers Trust Company, of New York, disclose that more than 50,000,000 persons were employed in various industries and domestic service in India in 1916.

Over half of this number were engaged in agriculture while general industry employed more than one-third of the total. The principal figures in detail are:

INDUSTRIAL CENSUS OF INDIA

Farm servants and field laborers.....	25,879,239
Industrial employees	17,515,230
Transport service, etc.....	2,394,882
Domestic service	2,725,856
Factory employees	1,004,106
Mine employees	308,449

Factories include 238 cotton mills, having 101,017 looms and 6,263,569 spindles, employing 271,913 persons; 70 jute mills, with 39,890 looms, and 812,421 spindles, employing 254,143 workers; five woolen mills having 6,074 employees; 1,345 cotton ginning, cleaning and pressing mills employing 108,298 persons; 91 railway shops, with 107,921 employees; and 1,207 paper, lace, sugar and rice mills and factories, breweries, dockyards, etc., which employ 226,798 workers.

As the total population of India, according to the 1911 census, was 313,470,014, the industrial figures indicate that at least one person in every six was employed in industry or service coming under official recapitulation.

Production for the year by cotton mills was 683,155,000 pounds of yarn and 330,853,000 pounds of materials; jute mills (exports), 794,152,705 bags, 1,192,256,719 yards of cloth; coal mines, 17,254,309 tons; salt, 1,359,243 tons, and gold 598,370 ounces.



New International Acceptance Bank

A NEW corporation has been organized to aid in the financing of American trade expansion in foreign fields. It is the International Acceptance Bank, Inc., with capital of \$10,000,000, fully subscribed.

Paul M. Warburg, former vice-governor of the Federal Reserve Board, is to be chairman of the board of directors. The three largest stockholders and organizers of the enterprise are Mr. Warburg, the First National Bank of Boston and the American International Corporation of New York.

The formal statement issued by those

National Bank of Commerce in New York

ESTABLISHED 1839

STATEMENT OF CONDITION

FEBRUARY 21, 1921

Resources		Liabilities	
Loans and Discounts.....	\$365,746,965.70	Capital Paid up.....	\$25,000,000.00
U. S. Certificates of Indebtedness.....	1,136,656.25	Surplus.....	25,000,000.00
Other Bonds and Securities.....	10,153,161.62	Undivided Profits.....	7,665,708.70
U.S. Govt. Securities Borrowed.....	6,200,000.00	Deposits.....	321,077,404.83
Stock of Federal Reserve Bank.....	1,500,000.00	U.S. Government Securities Borrowed.....	6,200,000.00
Banking House.....	4,000,000.00	Bills Payable & Rediscounts with Federal Reserve Bank.....	93,888,500.00
Cash, Exchanges, and due from Federal Reserve Bank.....	92,420,731.88	Reserved for Taxes, etc....	3,812,846.87
Due from Banks and Bankers.....	7,484,054.74	Unearned Discount.....	2,641,339.35
Interest Accrued.....	392,360.89	Letters of Credit and Acceptances.....	34,333,828.51
Customers' Liability under Letters of Credit and Acceptances.....	33,385,697.18	Other Liabilities.....	2,800,000.00
	\$522,419,628.26		\$522,419,628.26



behind the new credit instrument declares it "will devote itself primarily to financing America's foreign commerce and world trade and will exercise this function mainly by the granting of acceptance credits."

The bank will operate under the provisions of Section 25 of the Federal Reserve Act and will be organized as a New York corporation subject to the regulations and supervision of the Federal Reserve Board and the banking department of the state of New York.

F. Abbot Goodhue, vice-president of the First National Bank of Boston, will be president. P. J. Vogel, former vice-president of the American Foreign Banking Corporation of New York and now with the Chase National Bank of New York, and E. W. Davenport, vice-president of the First National Corporation of New York, will become vice-presidents.

The bank will start business with a fully subscribed capital of \$10,000,000 common stock and \$250,000 special

stock and also a subscribed surplus of \$5,000,000.

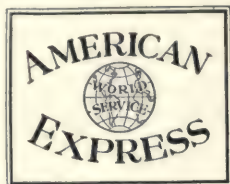
According to present plans the bank will open for business about April 1, at 31 Pine Street, New York. At the start it will control a considerable volume of business, as it will take the organization and foreign credit business of the First National Corporation, of New York, owned by the First National Bank of Boston, and also the foreign exchange department of Huth & Co., New York.



International Banking Notes

France is estimated to have invested one-fourth of her annual gross income in 1920, according to a statement issued by the French Commission in the United States. Investments by the French public reached the total of approximately 56,000,000,000 francs during the year, 30,000,000,000 of the amount being actual cash, while more

A Complete Service Government Securities



Foreign Offices

GREAT BRITAIN

London
Liverpool
Southampton
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Glasgow

FRANCE

Paris
Bordeaux
Havre
Nice
Marseilles

ITALY

Rome
Naples
Genoa

BELGIUM

Antwerp
Brussels
Ostend

HOLLAND

Rotterdam

SCANDINAVIA

Copenhagen
Christiania
Stockholm

SWITZERLAND

Lucerne

GERMANY

Berlin
Bremen
Hamburg
Coblenz

SOUTH AMERICA

Buenos Aires
Montevideo
Valparaiso

THE ORIENT

Yokohama
Kobe
Hong Kong
Shanghai
Manila, P. I.

CANADA

Montreal
Toronto

Government Securities have always been favored by conservative investors in the world's great markets, owing to their safety and marketability.

The American Express Company, through its Securities Department, is equipped to handle transactions in the securities of any Government in the world. With its thirty-six foreign offices in important financial centers, its services in this field are unexcelled.

The Securities Department of the American Express Company is maintained for the convenience of investment houses and banks solely, and does not do a retail business. Its services include the purchase, transportation, insurance and delivery of securities from the country in which they originate to any city or town in the United States.

The American Express Securities Department also assists investment houses and banks to establish departments for the handling of Foreign Securities, and maintains for their convenience complete statistical files containing financial data of every description.

Throughout every section of the country American investors are purchasing foreign securities because of their safety, yield, marketability and opportunity of appreciation in principal.

Inquiries are invited.

AMERICAN EXPRESS COMPANY

65 BROADWAY, NEW YORK

In addition, The American Express Company is represented by the American Railway Express Company at 27,000 places in the United States and Canada, and by 10,000 banking and shipping correspondents throughout the world.

INTERNATIONAL BANKING, SHIPPING, TRAVEL AND FOREIGN TRADE

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

(\$5=£)

Nominal Capital	\$12,500,000
Paid-up Capital	3,750,000
Reserve Capital	3,750,000
Subscribed Capital	7,500,000
Reserves	2,825,000
Surplus over Liabilities . .	10,325,000

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

than 42,500,000,000 francs were subscribed to government loans. The total amount is about five times larger than the sums invested by the people of France during 1919 and 12,000,000,000 francs more than their investments in 1918 and 1919 combined.

At a meeting of the executive committee of the board of directors on February 17, George Buissez was appointed acting manager of the Havre office of the Guaranty Trust Company of New York.

On the London money market, day-to-day loans the third week in February, commanded $5\frac{1}{2}$ to 7 per cent., while the Bank of England loaned at $7\frac{1}{2}$. These were actually the highest rates of the war period. The control still exercised by the Treasury prevented so extreme a stringency in the discount market for longer periods; but the rate for short-term loans rose to the bank's official minimum of 7 per cent.

The report of the directors of Barclays Bank, Limited, for the year ended December 31, 1920, shows net profits of £2,927,523 8s 1d, after payment of all charges

and making full provision for bad and doubtful debts. To this must be added £508,450 5s 7d brought forward from 1919, making a total of £3,435,973 13s 8d which has been appropriated as follows:

	£	s	d
To investment reserve account	650,000	0	0
To reduction of premises account and payment for buildings	200,000	0	0
To reserve for staff pensions	100,000	0	0
To contingency account	500,000	0	0
To interim dividend paid Aug. 3, 1920, at 10 per cent. per annum on the "A" shares of £4 each fully paid, and 14 per cent. per annum on the "B" and "C" shares of £1 each fully paid less income tax	704,370	2	3
To final dividend at 10 per cent. per annum on the "A" shares of £4 each fully paid and 14 per cent. per annum on "B" and "C" shares of £1 each fully paid, less income tax	716,001	4	10
Balance to be carried forward	565,602	6	7

The report of the directors of the Union Bank of Manchester, Limited, for the half-year ended December 31, 1920, shows net profits of £173,506 0s 1d, after deducting expenses, special allowances to staff and providing for rebates, depreciation and bad

Our Service to Banks and Bankers

COLLECTIONS: A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

LETTERS OF CREDIT: Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

TRAVELERS AND REPRESENTATIVES: When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

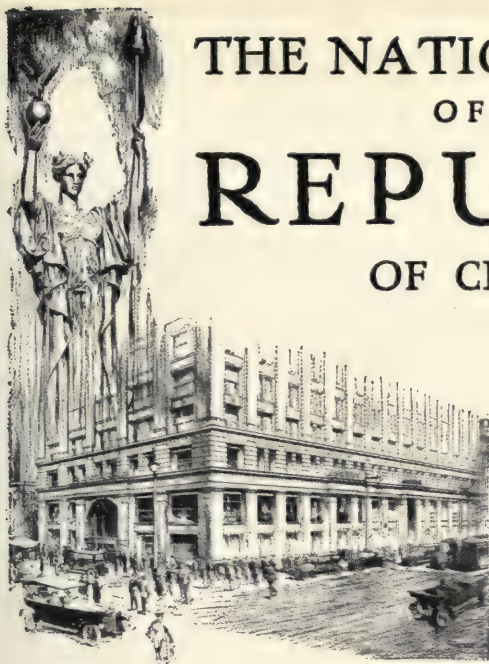
CREDIT INFORMATION: Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

We Cordially Invite Your Correspondence



Foreign Department

Head Office, Havana, Cuba



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

RESOURCES
over
\$ 41,000,000

and doubtful debts. The £184,444 16s 7d, gained from adding the amount brought forward from the preceding half-year to the net profits, was disposed of as follows:

	£	s	d
To dividend for half-year ended Dec. 31, 1920, less income tax	52,500	0	0
To writing off bank premises	10,000	0	0
Pension fund	10,000	0	0
Income tax	50,000	0	0
Special contingency fund	50,000	0	0
Balance carried forward to next account	11,944	16	7

The forty-ninth annual report of the directors of the London Merchant Bank, Limited, shows net profits for the year ending December 31, 1920, £60,044 1s 6d, to which has been added £52,544 4s 0d brought forward from last year, making a total of £112,588 5s 6d, provided for as follows:

	£	s	d
To interim dividend, less income tax, paid in July	18,750	0	0
To final dividend, less income tax	26,250	0	0
Balance carried forward	67,588	5	6

The annual report of the directors of Williams Deacon's Bank, Limited, Manchester, England, held January 27, shows net profits for 1920 of £463,653 4s 9d, after making provision for bad and doubtful debts, rebate of interest on undue bills and other charges. After adding the £19,951 18s 10d brought forward from the preceding year, the £483,605 3s 7d was distributed as follows:

	£	s	d
To interim dividend declared in July of 12½ per cent. per annum, less income tax	117,187	10	0
To final dividend of 12½ per cent. per annum less income tax	117,187	10	0
To reserve fund	100,000	0	0
To writing down of investments	100,000	0	0
To bank premises account	25,000	0	0
Balance carried forward to next year	24,230	3	7

The latest foreign applicant for American credits is Czechoslovakia, which is making inquiry among banks here for a loan of about \$3,000,000, to run for one year and to bear interest at something like 8 per cent. Bankers are quoted as saying that doubtless the credit would be arranged.

Speyer & Co. announce that the banking group which has taken the \$10,000,000 American share of the Sao Paulo loan consists of the following: Blair & Co., Inc., Equitable Trust Company of New York; Halsey Stuart & Co., Inc., Ladenburg, Thalmann & Co., of New York; Cassatt & Co., of Philadelphia; Illinois Trust & Savings Bank of Chicago, Speyer & Co. head the syndicate. The total loan sold by the State

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

(£5=£1.)

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD W. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Maceio, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY:**—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA:**—Bogota. **PARAGUAY:**—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

of Sao Paulo amounts to about £6,000,000, and is divided in three parts, viz.: Guilders 18,000,000, which have been taken by a Dutch Banking Syndicate, £2,000,000, which have been taken in London by Messrs. J. Henry Schröder & Co., Baring Bros. & Co., Ltd., and N. M. Rothschild & Sons, and the \$10,000,000 for the United States.

Albert Breton, vice-president of the Guaranty Trust Company of New York, has announced:

"Inasmuch as unwarranted rumors were recently published in European papers and cabled here to the effect that the cotton spinners of Czecho-Slovakia were expected to default on the January 31 maturity of the cotton export credit arranged by a syndicate of American banks, it is only fair to state that this maturity, amounting to \$2,000,000, was met promptly on its due date."

The first shipment of gold from Turkey since before the war arrived in New York recently by the SS. "The Angeles." It was consigned to the Guaranty Trust Com-

pany of New York from the latter's Constantinople office and amounted to 50,000 Turkish pounds, or about \$219,500. The shipment was entirely in gold coins of Turkey, and was contained in a key-opening safe made in Birmingham, England, before the days of combination locks.

Banca Siciliana di Anticipi e Sconti at Palermo, Sicily, had total resources of lire 2,155,883.82 on December 31, 1920, more than doubling in two years. The bank's capital is lire 403,800 and the reserve, lire 80,760.

The British Empire Chamber of Commerce in the United States of America, which represents England and her dominions, was organized recently in New York. The members, comprising prominent business men, elected officers for the ensuing year, as follows:

E. F. Darrell, E. F. Darrell & Co., president; Charles W. Bowring, Bowring & Co., first vice-president; Robert Y. Hebden, Bank of Montreal, second vice-president;

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

(\$0.50 = 1 peso)

Capital fully paid-up (pesos) 6,750,000.00

Reserve Funds 4,550,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

James Brown, Brown Brothers & Co., third vice-president; Robert Rowland Appleby, Bank of British West Africa, Ltd., honorary treasurer, and George M. Massey of the Manchester Ship Canal Company, honorary secretary to the council.

It was announced that a monthly publication would be issued. Organization of the chamber began a year ago. Regular monthly meetings will be held.

—o—

The statement of December 31, 1920, issued by the Chinese-American Bank, Ltd., of Honolulu, shows assets of \$2,411,273.96. The capital of the bank is \$150,000, surplus and undivided profits, \$99,306.96, and the deposits, \$2,053,784.12. The officers of this institution, founded May 10, 1916, are: Tong Phong, president; C. Q. Yee Hop, vice-president; C. K. Ai, cashier; Charles A. Wong, assistant cashier and manager; Lum H. Chee, assistant cashier, and Thomas T. Parish, auditor.

—o—

The net earnings of the Skandinaviska Kreditaktiebolaget for the year 1920 amount,

after writing off on bonds Kr. 3,990,934.50, on shares Kr. 1,774,819.84, and on debts Kr. 2,463,529.98, and after transferring Kr. 5,000,000 to the del credere account, which then amounts to Kr. 15,000,000 to Kr. 31,194,667.03, to which has to be added Kr. 3,619,283.95 brought forward from 1919, making a total of Kr. 34,813,950.98.

Having set apart for taxes Kr. 12,000,000, the board of directors recommend a dividend of Kr. 30 per share or 21.3 per cent.—the same as last year—and to appropriate to the employees' pension fund Kr. 500,000. This left a balance of Kr. 3,893,950.98 to be carried forward to new account.

—o—

The British Board of Trade Journal reports a director of the leading Bulgarian bank as stating during a recent visit to London that the Bulgarian joint stock banks as a whole seem to have prospered throughout the eight years of Balkan and European warfare. The interview states that most of them have paid 10 per cent. dividends, notwithstanding the increase of their capital four or five times during the period, and their deposits show a corre-

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



sponding increase. The banks are stated to have met their own foreign obligations mostly by drawing on their pre-war balances abroad.

The first conference of Chinese Bankers Associations was held at Shanghai for four days beginning December 5, the following cities being represented: Hangchow, Hankow, Pengpu, Peking, Tientsin and Tsinanfu. Shen Chu Hsu, chairman of the Shanghai Bankers Association, presided at all meetings. It was decided to hold a convention once a year, the next to be at Tientsin, May 1, 1921. A resolution adopted urged the Government to declare and carry out a definite financial policy, to make arrangements for a proper management of the national debts and to start immediately with the reformation of currency.

The New York agency at 165 Broadway of Banca Commerciale Italiana has received a cablegram from the home office in Milan, Italy, stating that the board of directors would propose at the next stockholders' meeting to be held March 25, a dividend of 70 Lire per share, or 14 per cent, after increasing the surplus account by 20,000,000 Lire and the pension fund by 6,000,000 Lire.

The Guaranty Trust Company of New York will open a new branch office in the Alexandra House, Kingsway, London, on March 14, 1921, with R. B. F. Randolph as manager and L. O. Krailshaimer as assistant manager. This will give the company three branches in London, the others being at 32 Lombard Street, E. C., and 50 Pall

Mall, and a total of eight foreign branch offices.

W. H. MacIntyre, New York Agent of the Standard Bank of South Africa, Ltd., has received a cable from the home office stating that, subject to audit, the directors of the company have declared a second interim dividend of 14 per cent per annum less income tax. The dividend was taken from the profits of the period up to December 31, 1920. The New York agency is at 68 Wall Street.

Den Danske Landmandsbank, one of the largest banks in Denmark, has fixed its 1920 dividend at 12 per cent, the same rate as that of the previous four years, according to a cable message received by the National City Bank of New York.

Six new directors have been added to the board of the Banque Industrielle de Chine. They are L. Dapples, deputy chairman of the Banque Francaise et Italienne pour l'Amerique du Sud; E. Oudot, director of the Banque de Paris et des Pays Bas; George C. Grandjean, a director of the Banque Francaise pour le Commerce et l'Industrie; Bourcier Saint-Chaffray, managing director of Societe Francaise Distilleries Indo-Chine Francaise; Emile Ogier, formerly a member of the French cabinet, and M. Kahn, formerly in the French diplomatic service. The New York agency of this bank is at 27 Pine Street, the agent being O. J. Thomen.

The Banque Industrielle de Chine has opened branches at Rotterdam and Havre.

"The Swedish Bank
of Commerce"



Svenska Handelsbanken
STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 180,000,000

Cleveland Bankers Working in Behalf of Eighth National Foreign Trade Convention

By Sam B. Anson

SELDOM have the banking and financial interests of Cleveland been aroused to such enthusiasm as they are displaying in their co-operation with the Cleveland convention committee in insuring the success of the eighth annual convention of the National Foreign Trade Council to be held in Cleveland, May 4 to 7. During the last few years both the financial and industrial interests have come to realize far more keenly than ever before just how much a stable foreign trade means to the district, and they are working in aggressive and harmonious accord in behalf of greater foreign trade extension.

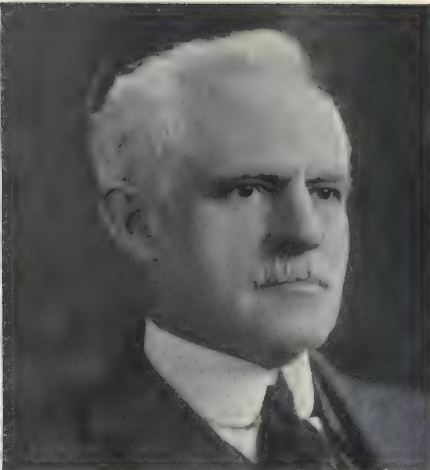
Early indications point to a record

breaking attendance at this year's convention. Foreign trade problems in general have been greatly accentuated by the complex and unsettled conditions over seas. The unfavorable exchange situation, foreign discriminations against American goods, threatened crippling of the consular service through whittled appropriations by Congress, double taxation of American investments in foreign trade abroad, the merchant marine outlook, financial weakness in our chief markets abroad, and the paramount question of more liberal foreign credits, all combine in furnishing an impressive array of problems for consideration at this gathering.

Proposed tariff revision will also



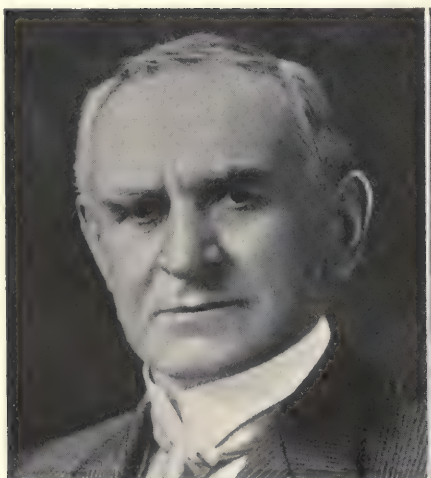
E. R. FANCHER
Governor, Cleveland Federal Reserve Bank



FRED H. GOFF
President Cleveland Trust Company



MYRON T. HERRICK
President Society for Savings, Cleveland



COL. J. J. SULLIVAN
Chairman of Board, Central National Bank
Savings and Trust Company, Cleveland



CHARLES A. OTIS
President Otis and Company, Invest-
ment Bankers, Cleveland

come in for extensive discussion. The proposed emergency provisions are not in accord with the general feeling among exporters who foresee the precipitation thereby of further discriminations abroad, yet find encouragement in the recently reported disfavor of President Harding toward this legislation. The Council as an organization has frequently expressed itself as favoring a tariff more of the bargaining sort, framed along reciprocal lines, based upon the principle that only countries granting our products the same treatment that we grant similar products imported from them, should be entitled to equal treatment in our markets.

Declaration to this effect has been made by the last three conventions, and it has been pointed out that foreign discrimination may be discouraged either by levying additional penalty on goods coming from countries which discriminate against American goods or by granting concessionary reductions of duty on goods coming from countries which do not discriminate against us, or by a happy combination of both policies. Such a penalty method was embodied in the tariff of 1909, which provided a penalty of 25 per centum ad valorem on imports from such countries as discriminated against us. But in its operation this measure did not prove sufficiently flexible to reach all cases of objectionable discrimination.

Exporters generally are up in arms against the threatened disruption of the consular service by salary reductions that will be inevitable if proposed appropriation slashings by Congress materialize. Under the direction of the Division of Foreign and Domestic Commerce the American consul has become a very effective aid to foreign trade extension and if salaries are reduced it means an early flood of resignations from men who have become experienced and peculiarly valuable to American industry in the foreign fields. Emphatic denunciation of such a course will likely develop in the convention.

Some declaration is also expected upon the question of releasing Ameri-

can investments made in foreign countries in the interest of foreign trade extension from the application of existing tax laws. No foreign country requires such investments to come under the application of domestic tax provisions, and this exemption gives the foreigner investing abroad a decided advantage over his American competitor. This is one of the elements that have served to discourage American enterprise and investment in the foreign fields, with the result that Britain, Germany, France, most of our European rivals in fact, are better represented in the world's marts than is the United States.

Predominant interest, however, will doubtless center around the question of greater and more liberal foreign credits. Adverse exchange conditions are forcing Europe, Latin-America and the Far East to hold off on extensive purchases, although there is need with every one of these countries for our products. China needs foodstuffs for her famine stricken sections. Europe likewise needs foodstuffs. Poland, Czechoslovakia, Germany, Belgium, Italy and the lesser new republics need cotton. Germany needs raw materials of all kinds. There is a great potential market and all would buy could they await more favorable conditions for payment. And none have a surplus of ready cash. Credits alone will help them.

Local financiers are watching with growing interest the progress of the recently organized Foreign Trade Financing Corporation and probably with less confidence the course of the revived War Finance Corporation. Doubtless by convention time some rather definite idea may be had regarding the possibilities of both. Meantime the purely local conditions are more intimately engaging both the banks and the industries. The most successful of the latter have been extending credits of late, especially to Latin-America, but comparatively few are in a position to grant exceptional conditions generally.

Among the local financiers who are most active in the convention preliminaries are E. R. Fancher, Governor of the Federal Reserve Bank; Myron T.

Herrick, of the Society for Savings; F. H. Goff, of the Cleveland Trust Company; Chas. A. Otis, of Otis & Co.; and Col. J. J. Sullivan, of the Central National Bank Savings and Trust Company, all members of the convention committee. Other local banks are lending all possible assistance to the committee.

"The big question before American exporters today," declares Col. Herrick, "is providing a means for making it possible for the over seas countries to buy our manufactured products. So long as they have neither money nor credits they cannot do this. Nor are they prepared, for the most part, to repay us in goods from their own industries. Until credit extensions are possible they are powerless and our own industries must languish."

That the convention considerations will cover an exceptionally broad and interesting field is indicated by the following tentative outline of the program just announced as to topics:

TUESDAY, May 3, Evening: Meeting of Trade Advisers. Reception to delegates.

WEDNESDAY, May 4, Morning: "American Trade and Its Influence on Foreign Business." "The Causes of Inflation and Its Effect on the Exchanges." Afternoon: "Influence of American Investment Abroad." "The Settlement of Our Export Balance." "Frozen Credits — How to Thaw Them." Evening, group sessions: "Commercial Education for Foreign Trade." "Foreign Credits." (In Co-operation with the National Association of Credit Men.) "Problems of the Export Manager." (In Co-operation with the Export Managers' Club.)

THURSDAY, May 5, Morning: "The Effect of Double Taxation on Foreign Trade." "Foreign News and Foreign Trade." "Discriminations Against American Trade." "A

Reasonable American Policy for Foreign Loans." "Adequate Foreign Service Essential to Our Foreign Trade." Afternoon, group sessions: "Special Export Problems of the Manufacturers." (In Co-operation with the American Manufacturers' Export Association.) "Foreign Trade Advertising." "Inter-American Trade Relations." "The Interest of Agriculture in Foreign Trade." (In Co-operation with the American Farm Bureau Federation.)

FRIDAY, May 6, Morning: "American Maritime Policy." "Marine Insurance." "Inland Transportation for Foreign Trade." "Return Cargoes." Afternoon, group sessions: "Banking Service to Foreign Trade." (In Co-operation with the American Bankers' Association.) "Merchandising and Forwarding." (In Co-operation with the American Exporters and Importers' Association.) "Trade Relations with the Far East." Evening: the annual banquet.

SATURDAY, May 7, Morning: "Reports of Group Sessions." "Final Declaration of the Convention."

General sessions will be held in one of the largest local theaters with seating capacity sufficient to accommodate an attendance even larger than may safely be expected. Group sessions will be held in the assembly rooms of the several leading hotels. Hotel reservations will be made through the hotel reservation committee, J. L. Hibbard, 207 Chamber of Commerce, chairman. Banquet reservations only for delegates previously registered with the National Foreign Trade Council, No. 1, Hanover Square, New York City, will be made through the banquet committee, Henry Howard, chairman, 207 Chamber of Commerce, Cleveland.

Entertainment features will be provided only for ladies attending the convention. For the men it will be a strictly business affair.



Banking and Financial Industry

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

H. M. Webster & Company

Public Accountants - Auditors - Production Engineers

SPECIAL DEPARTMENTS:

**Bank and Foreign Exchange - Audits and Systems
Income Tax**

**23 West 43rd Street
New York City**

Southern Bldg.
Washington, D. C.

82 State Street
Albany, N. Y.

JUDGMENT plus experience, combined with an exceptional adaptability to unusual conditions has made our audits of banks notable for their thoroughness and accuracy.

This accuracy is further safeguarded by the fact that every audit made is directly under the supervision of our executives.

New York Telephone—Vanderbilt 1908



New home of the Seaboard National Bank, erected from plans by
Alfred C. Bossom, New York architect

Samuel G. Bayne, Esq., Pres.,

Seaboard National Bank,

Broad & Beaver Sts., City.

Dear Sir:

You will be interested to know that a Committee consisting of Harry K. Grigg, Joseph F. Cullman, Frederick Brown and Sigsbee Graham was appointed by the Down Town League to select the best building erected during the year 1920, and this Committee has unanimously awarded first prize in its judgment to your building at the corner of Broad & Beaver Streets. Will you kindly have your architect send us a very brief description of this building with one dozen photographs for reproduction in the New York papers and oblige

Very truly yours,

Harry K. Grigg

Chairman, Special Committee

New York
January 11th, 1921.

ALFRED C. BOSSOM

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York



Head Office The State Bank, 376 Grand Street, New York

Remarkable Development of the State Bank of New York

AN increase in net deposits of from \$36,718,000 on January 1, 1919, to \$74,675,000 on January 1, 1921, is the noteworthy record of the State Bank, New York, an institution which in only a few years' time has changed in character from a medium sized neighborhood bank to one of the important branch banking organizations of New York. In fact, the State Bank is now the sixth largest state institution in the United States and the forty-third largest financial institution of all kinds in the country.

The State Bank opened for business in July, 1890, in a rented store at 296 Grand Street, and in 1891 moved to its

present location at 376 Grand Street. Business developed rapidly from the start, and in 1894 deposits amounted to over \$470,000. As the business grew the buildings at 374 and 376 Grand Street, and 52 and 54 Norfolk Street, were acquired from time to time to provide for the growth of the bank. In 1908 the present building of the head office was erected. This building is one of the most imposing banking edifices in the city. It is occupied entirely by the bank and affords thirty-five thousand square feet of floor space.

The State Bank was originally a neighborhood institution restricting its operations to the business needs of its



Photo by Kazanjian

H. C. RICHARD

President The State Bank, New York

clients in the East Side. As groups of these clients moved to different parts of the city the bank moved with them, so that today there are six branches in various parts of Manhattan and Brooklyn. In 1903 the Brownsville branch was opened at Stone and Pitkin Avenues, Brooklyn. In 1904 the Fifth Avenue branch was opened at Fifth Avenue and 115th Street. In 1906 the Williamsburg Branch was opened at Graham Avenue and Varet Street, Brooklyn. In 1913 the Madison Square Branch was opened at 7 West 26th Street, and on account of increasing business moved in July, 1920, to new quarters at Fifth Avenue and 30th Street. The Union Westchester Branch at 158th Street and Westchester Avenue, was opened in 1913. In 1915 the Clinton Branch was opened at 100 Essex Street. All of these branches are in charge of competent officers and render a widely diversified financial service in their particular locality.

THE MADISON SQUARE BRANCH

The Madison Square Branch is housed in the old Holland House, where the



Main banking room, head office



Private office of Harold C. Richard, President The State Bank, New York

ground floor has been converted into one of the most pleasing bank interiors in the city.

The working space of this branch is located in the former first floor dining room of the Holland House. The locker, rest, toilet, stationery and other rooms are in the basement.

For the structural alterations, two large entrances fitted with revolving doors, were broken through on Fifth Avenue and 30th Street, and the two floors connected with an interior staircase for the use of the bank's employees.

As it was the desire of the bank officials to retain the existing elaborate decorations of the walls and ceiling, it was decided to erect a handsome banking counter screen of Tavernelle marble in order to blend with these decorations. This screen has been worked out with perfect symmetry around the existing columns, and a very pleasing feature is the introduction of an attractively fur-

nished ladies' writing room between the paying and receiving tellers' departments.

Particular attention was paid to the circulation of the public from the Fifth Avenue and 30th Street entrances to both the active and inactive departments and the convenient location of the officers' enclosure.

In fact no expense was spared in making this one of the finest interiors for a Fifth Avenue corner bank. This work was designed and supervised by Herbert R. Mainzer, the State Bank's architect.

This branch is in charge of a vice-president and two assistant cashiers, its business being largely with the textile trades which center about this district.

The bank owns the buildings in which all of its branches are housed with the exception of the Madison Square Branch. New quarters are being erected for the Union Westchester Branch in the Bronx, which are expected to be



Madison Square office, 276 Fifth Avenue, New York



Main banking room, Madison Square office



Office of Harry W. Vogel, vice-president in charge of Madison Square branch

ready for occupancy about May 1, 1921. A plot of land next to the Brownsville Branch in Brooklyn has been purchased and a building is being erected thereon which is expected to be completed before spring. Other branches are contemplated but no definite announcements have as yet been made.

The State Bank does a large business in foreign exchange, thousands of drafts and money orders being handled by its foreign department each month. In order to facilitate the bank's exchange operations it has three representatives in Europe constantly looking out for this type of business.

Another interesting feature of this bank's business is the fact that it handles more individual accounts than any other commercial bank in the country, numbering more than 112,000. All

payments of the New York Fire Department are made through the State Bank, an operation which amounts to over \$15,000,000 in a year.

HAROLD C. RICHARD

No description of the State Bank would be complete without a sketch of the career of its president, Harold C. Richard. In the two years that Mr. Richard has guided the destinies of the bank net deposits have more than doubled, a fact from which an appreciation of his ability can easily be formed.

Mr. Richard was born in New York, educated at Lawrenceville School and Princeton University, from which institution he graduated in 1906. At that time he joined the State Bank as a messenger. His progress through the



Safe deposit vaults, head office

various departments was rapid and he soon evidenced his ability to grasp the essentials of banking. He soon became an assistant cashier, later a vice-president and in January, 1919, at the age of 34 was elected president—in fact the youngest president of any New York Clearing House bank. Mr. Richard is the active as well as nominal head of the bank and its 450 employees, and all matters of policy are referred to him for action.

That Mr. Richard has a keen grasp of economic problems is seen in his early foresight of present conditions. When the boom period of early 1920 was at its height he was one of the first to realize that such conditions could not last. He early advocated a policy of contraction and was wise enough to curtail credits based on inflated prices—a policy which has proved its wisdom in the present strong position of the State Bank's clients. When the slump came these were prepared and were able to weather the storm without difficulty.

THE BANK'S EARNINGS

With one exception the State Bank earns a larger percentage on its capital and surplus than any of the large banking institutions of the country. Earnings for 1920 were very satisfactory, and after making liberal deductions for commercial losses and depreciation of bonds and securities, after setting aside sufficient for income and excess profits taxes, after paying all employees a bonus of from 15 to 25 per cent. of their yearly salaries, dividends were paid of 12 per cent. or \$300,000. An amount equivalent to 53 per cent. on the bank's capital stock was earned.

The following table of comparative net deposits is interesting in showing the development of the bank:

1890	Organized
1895	\$808,000
1900	3,243,000
1905	10,503,000
1910	12,366,000
1915	19,927,000
1919	36,718,000
1920	62,478,000
1921	74,675,000

Following is the bank's condensed statement at the close of business February 28, 1921:

RESOURCES

Loans and Discounts.....	\$55,780,944.95
U. S. & Municipal Securities (Market Value).....	9,222,189.13
Other Securities (Market Value)	8,008,841.47
Real Estate (Other than Banking Houses)	None
Banking Houses	778,586.92
Cash and Exchanges.....	9,320,779.39
Customers' Liability, Account of Acceptances, etc.....	1,906,870.75
	<hr/> \$85,018,212.61

LIABILITIES

Capital	\$2,500,000.00
Surplus and Undivided Profits	2,718,285.42
Due Depositors.....	78,097,517.98
Bills Payable and Rediscounts	None
Acceptances, Letters of Cred- it, etc	1,702,409.21
	<hr/> \$85,018,212.61

A list of the officers and directors follows:

H. C. Richard, president; A. I. Voorhis, W. L. Burckett, vice-presi-

dents; J. Kneisel, vice-president and cashier; W. B. Roth, C. A. Smith, H. W. Vogel, James A. Allis, vice-presidents; F. A. Pappi, C. C. Schnecko, P. Muller, C. E. James, E. W. Rasp, P. L. Tuchman, W. J. Gilpin, J. V. D. Garretson, assistant cashiers; C. Woodworth, auditor; M. M. Teicher, man-

ager, foreign department; directors: Oscar L. Richard, Lucius N. Littauer, Sol Wexler, Harold C. Richard, Robert H. Mainzer, Albert I. Voorhis, Walter L. Burckett, John Kneisel, William B. Roth, Harry W. Vogel, Morris H. Mann, Michael Tuch, Wilbur L. Ball, Robert S. Dennison, Charles A. Smith.



Observations of an Outsider

IN making these "observations" I have confined myself largely to commenting on banks, bankers and banking methods. This month I've been amusing myself with "observing" the customers of these banks—and it has been a highly interesting occupation. I don't know that I ever gave much thought to the customers before. They're a mixed lot—from the quiet, keen looking individual who comes in and transacts his business in thousands, to the plain, unvarnished "bluff" who must sorely try the patience of the banker.

I think this past month was a good time to "observe" the customers, for there have been droves of them in every bank, looking for help on their tax returns or asking the banker to get this or that quotation for them. It surely has been a severe test of the banks' oft-boasted "personal service." Many a business man, last year, when profits were running high, hired high-priced accountants and auditors to make out his tax returns. This year, when things are "different" and many a concern is showing a loss instead of a profit, the business man is making out his own tax return—with the aid of his banker. Almost all of the banks I have visited this month not only gave this service cheerfully, but, through their cheerful rendering of that service, tied the recipients of the service up to the bank

with strong bonds of friendly appreciation. Toward the last I saw a few instances where the continued "drive" was getting on the nerves of the bankers a bit, but these cases were exceptional—and, to my mind, fully excusable.

I saw one fussy individual come in to a bank and demand—yes, that's the word, demand—that the treasurer of the bank help him on his tax report. He was so insistent and so all-important in his bearing, that I took it for granted that he was a large and important customer, particularly, as the banker gave him most courteous and kindly aid. After he had gone out I asked the banker if my surmise was correct, and to my surprise learned that the man was not even a customer of that bank at all, but carried his account with another bank altogether. He was a desirable customer in spite of his pompousness. I can only hope that my banker friend sowed seed in fruitful ground in giving up valuable time to a man who had not the slightest claim on him.

"That man who just went out," said a banker to me the other day, "has just got me to help him straighten out his tax return. Somehow his figures and his whole attitude are different from what they were when he came in here a while ago seeking a loan."

A Big Outstanding
Bank in this Section
of the United States

Capital and Surplus
\$33,000,000

The Union Trust
Company
Cleveland

In Which Are United

THE CITIZENS SAVINGS AND TRUST COMPANY
THE FIRST NATIONAL BANK
UNION COMMERCE NATIONAL BANK
THE FIRST TRUST AND SAVINGS COMPANY
THE BROADWAY SAVINGS AND TRUST COMPANY
THE WOODLAND AVENUE SAVINGS
AND TRUST COMPANY

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected
in the Opinions of Banks and Bankers

THERE are three factors at present standing in the way of the readjustment process, according to the March letter of the American Exchange National Bank of New York. These are high wages, high coal prices and high freight rates. "Other factors were active," says the bank, "and contributors to the general result, but the removal of the three named would open the way for permanent progress and disperse the doubts which still infest the business mind."

On the general situation, the bank says:

Further improvement in the credit situation, as evidenced by gains in the reserve ratios of the Federal Reserve Banks, and a bold facing of the consequences of readjustment by industrial corporations as reflected in their willingness to "take losses," represented the distinctly forward steps of the month. The "spotty" aspect of the business revival last month was replaced by a slightly better general forward movement, but it was felt that readjustment must go further before the situation could be expected to show permanent improvement. The irregularity of the price decline as between the primary and the retail, or cost of living, markets continued, although some of the retail markets have evidently receded as far as is practicable in advance of reductions in wage scales and other items of cost. Steel prices showed further reductions, petroleum and crude oil prices declined for the first time, and cotton, which had already declined further than any other raw material, went lower, touching the 1914 level. Corn also reached the pre-war levels, and hides, hogs, and other farm products approximated them. These reductions have stripped pro-

ducers of their buying power in the retail markets, where prices continue at from 50 to 170 per cent. above the pre-war level. Reductions in wage rates have been small, running from 10 to 30 per cent., but the reduction in wages paid has been considerable, as the steady increase in unemployment shows.

In part the resistance to the readjustment of prices to conform to the changed conditions is due to the expectation of a sudden revival of business and an incidental advance in prices. Those who refuse to take their losses know that there is a potential shortage of goods and expect it to develop into a real shortage with the reopening of trade. If the London Conference of the Premiers succeeds in working out a plan by which Germany can pay indemnity and re-establish her credit at the same time, a revival such as those who are resisting price cuts anticipate, is probable. Otherwise, the readjustment process will have to go on until all interests have shaken out the water. A reparations settlement that could be made the basis of credits in this country would restore prices in the primary markets, revive industrial activity and increase purchasing power. In the main, resistance to readjustment has been short-sighted and foolish. The persistence of high cost of living retail prices into the planting season means that the farmer will have an immediate incentive for reducing acreage and adopting diversification. The organization of co-operative societies will also be given increased impetus and manufacturers who have been made to suffer by the refusal of retailers to take losses will be more than ever inclined to adopt systems of direct distribution.

BUSINESS LEADERS AGREE CRISIS IS PAST

Responsible business leadership of the country is outspoken in its belief



New York's First Street Railway

THE great complexity of interests which characterized those men who directed the destinies of the Bank of the Manhattan Company, brought the influence of the Bank to bear upon pretty nearly every project affecting the welfare or aggrandizement of New York City. Thus, it was a director of the Bank, Walter Bowne, who as Mayor of the City signed the act which authorized the first street railway company—the New York and Harlem Railroad Company—to take possession of the necessary ground, and who was accorded the place of honor at the opening of the line in 1831. Today, the Bank is daily offering its cooperation and the facilities of its immense resources, accumulated over a period of 122 years, to the financing of New York merchants whose growth was premised, and whose very existence is based, on a gigantic system of transportation which had its humble beginnings nine decades ago.

BANK of the MANHATTAN COMPANY

CHARTERED 1799

40 WALL STREET

Capital, \$5,000,000

Surplus and Undivided Profits, \$17,135,356.78

UPTOWN OFFICE:—31 Union Square, New York

QUEENS BOROUGH OFFICES:—Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Woodhaven, Ridgewood, Fresh Pond

BROOKLYN OFFICES:—St. John's Place and Cypress Hills

OFFICERS



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STEPHEN BAKER

FIRST VICE-PRESIDENT

RAYMOND E. JONES

VICE-PRESIDENTS

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B. D. FORSTER
HARRY T. HALL
EDWIN S. LAFFEY
P. A. ROWLEY
D. H. PIERSON
FRANK L. HILTON
V. W. SMITH
JOHN STEWART BAKER

CASHIER

O. E. PAYNTER

ASSISTANT CASHIERS

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I. S. GREGORY
H. M. BUCKLIN
W. A. RUSH
GEO. S. DOWNING
E. S. MACDONALD
O. G. ALEXANDER
C. W. CAPES



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B. H. BORDEN
MICHAEL FRIEDSAM
WALTER JENNINGS
RAYMOND E. JONES
G. HOWLAND LEAVITT
HENRY K. McHARG
GEORGE McNEIR
ARTHUR G. MEYER
JOHN C. MOORE
CHARLES E. POTTS
SAMUEL SLOAN
WILLIAM SLOANE
JAMES SPEYER
CARL F. STURHAHN
GEORGE ZABRISKIE

Guardianship & Safety

IN the early days of The Chemical Bank—before the time of adequate vaults and efficient policing—it was the custom of the cashier to sleep in chambers directly above the banking room so that he might personally guard the funds of the bank's depositors night and day.

This same spirit of vigilant guardianship coupled with farsighted cooperation and modern banking methods are the cornerstones of this Bank's policy today.

We are seeking new business on our record.

THE CHEMICAL NATIONAL BANK

OF NEW YORK

that danger of a crisis has passed, and that from now on the main trend will be upward, it was pointed out recently by Guy Emerson, vice-president of the National Bank of Commerce in New York. Mr. Emerson said:

A remarkable feature of the present business situation is the amount of sincere optimism that prevails in the face of many admittedly adverse conditions in industry and trade. Almost daily we hear of growing unemployment; the number of business failures continues to increase; we continually read of omitted or reduced dividend disbursements; railways show a steadily growing car surplus reflecting more than seasonal slackness; and many other items daily visible in the news are anything but reassuring in themselves.

Yet in the face of these conditions general public sentiment remains cheerful and responsible business leadership of the country is outspokenly unanimous in its belief that the worst of the great reaction from our post-war boom has been safely weathered, that the soundness of fundamental conditions is unimpaired, that all danger of a crisis has passed, and that from now on, although the curve of business may be

hesitant at times, may fluctuate down as well as up, and improvement may not be rapid, nevertheless the main trend will be upward.

THE ECONOMIC OUTLOOK

A more gloomy view of the future is taken by Prof. E. W. Kemmerer of Princeton University, who writes for the Garfield National Bank of New York:

The process of adjustment will require considerable time, and I see no hope of our being on a solid foundation with a strong "go ahead" confidence for the future by the end of the year 1921. The disturbance has been tremendous, the recovery cannot be both sound and fast, unless we have a disastrous panic, and that is as unlikely as it is undesirable.

The general level of wholesale prices will probably continue to decline throughout 1921, although temporary reactions may be expected. Some commodities have probably already declined too far, and may be expected to again advance, while many others have hardly begun to decline or have not declined anything like as far as fundamental

economic forces will require. During the eight years ending December 31, 1913, wholesale prices in the United States increased 16.6 per cent. Had this rate of increase continued to 1921 the wholesale price index number would to-day be 116.6 as compared with 100 in 1913. Average price reductions have so far reached nothing like this figure.

In this connection the views of Frank K. Houston, vice-president of the Chemical National Bank of New York, are also interesting:

Business is entering upon a greater competitive era than ever before. Success will be a question of value. It will depend upon lower cost and quality production as compared with the speed and quantity production basis required during the war. Workmanship and skill will amount to more than membership in a union. The idea that wealth can be created by credit expansion must give way to the old truth that it can only be made by efficient, abundant and economic production. And with these readjustments a higher code of business ethics will be evolved.

The loosening up of conditions that has already started and the liquidation that is now going on will release considerable funds for investment during the next few months and should have a marked effect in restoring industrial activities. With this situation and with anything like favorable crop conditions we are justified in hoping for almost a complete readjustment by the year's close.

TAXATION PROBLEMS

There is probably no greater problem before the American people today than the question of taxation. "Why are we discussing the tax question here today?" asks William C. Cornwell, editor of the *Bache Review*, and answers in the following words:

It is because American taxation is a cankering sore eating into the vitals of American business.

It is because an erroneous system of taxation was fastened upon the country under the stimulation of war pressure, which has affected adversely, and in some cases ruinously, every person in the United States.

It is because business men have come finally to see the injustice and the destruction being wrought by these processes, and have made up their minds to have a change.

The plan was to make extra earnings and large incomes pay for the war.

The result has been that these extra earnings, usually laid up by conservative business men in times of profit, to be used to tide

over bad times, have been eaten up by the Government, much of it squandered by an inefficient administration, and hundreds of firms now crippled by falling prices are being carried by banks and helped to work out a slow recovery.

And the large incomes, when the slaughter began, took flight into tax-exempt securities, and the new money ordinarily applied to help enterprise has vanished out of sight.

This, briefly, is a statement of the situation.

Assuming that the present system be abolished, what is to take its place? According to Mr. Cornwell, there is "but one way out; one source untapped; one great reservoir with almost unlimited supply; one method, simple, smooth-working, practicable and businesslike, instantly available, easy and economically administered—the 'tax on turnover.'"

"Under this system," writes Mr. Cornwell, "one per cent. is to be paid on the amount of gross sales of the country—paid by the seller and passed on to the consumer, but passed on in such an infinitely small amount everywhere, every time, that it will no more be felt than the dew falling at sunrise."

Dr. Henry A. E. Chandler, economist of the National Bank of Commerce in New York, believes in a general commodity sales tax, but only to supplement other forms of taxation and at a rate not to exceed one-half of one per cent. Dr. Chandler says in the March issue of *Commerce Monthly*:

The weight of the economic arguments for or against the general commodity sales tax, depends largely upon the proportion of the total revenues to be derived from this source, and upon the rate. Theoretically, the general character of the tax is such as to throw the larger part of the immediate burden upon the masses of people receiving the lower incomes. If the tax were to be levied at the rate of one per cent. or higher, a not inconsiderable burden would be immediately thrown upon the masses who are not now reached by any of the Federal direct taxes.

If we consider this form of tax, not as a separate measure, but merely as a measure supplementary to a system already largely composed of direct taxes, and if we reduce the rate to a very low percentage, namely, to three-tenths per cent., we are faced with quite a different situation.



Co-operation in Banking

FOR a period of thirty-eight years The Seaboard National Bank has been co-operating with merchants and manufacturers by assisting and advising them regarding financial matters.

By practical co-operation we have endeavored to render during this period a real banking service that would meet the particular requirements of every depositor.

With these complete facilities in mind, and with the New Year just begun, the suggestions which our officers may be able to make as to your financial plans may be of particular value.

We shall be pleased to discuss this complete financial Service with you.

The Seaboard National Bank of the City of New York

Total Resources over Seventy-one Million Dollars

Such a tax would not be free of objections, but the cumulative effect of the tax would be small and inequalities arising where business units with frequent turnovers might be unable to shift the tax would be minimized. Moreover, the rate would be so low that the arguments for numerous exemptions would lose much if not all of their force. It would be possible, therefore, to frame a much simpler act, and the problem of administration, although by no means insignificant, would be less difficult.

It would appear that this tax, notwithstanding difficulties in administration and some inequalities, offers one of the least objectionable means of furnishing new revenue from indirect sources, providing always that the rate does not exceed five-tenths per cent. Preferably it would not exceed three-tenths per cent. Even at this low rate the yield would be substantial because of the broad base to which the rate would be applied.

Adequate data upon which to base a satisfactory estimate of the yield do not exist, and until we can know more about the future trend of the price level all estimates must be considered as only relative. However, from the best data available it is believed that this tax, upon the basis of the estimated income for 1919, would yield about \$516,000,000 at the rate of three-tenths per cent., or \$860,000,000 at the rate

of five-tenths per cent., providing no exemptions were allowed.

If the sales of farmers were to be exempted the yield would be reduced to about \$486,000,000 at the rate of three-tenths per cent., and to about \$810,000,000 at the rate of five-tenths per cent. Were this tax once introduced into the fiscal system, say at the rate of three-tenths per cent., and we had been able, by experience, to ascertain the effects, it might then be possible to raise the rate by an additional one-tenth per cent. or two-tenths per cent., and thus substantially to increase the revenue from this source.

FOREIGN COMMERCE

Authorities are unanimous in laying great stress upon the importance of foreign trade in the years immediately facing the American people. Some are asking why this should be so. Percy H. Johnston, president of the Chemical National Bank of New York, answers this question effectively when he says that "our productive capacity is geared up to about 30 per cent. more than our home consumption." As a consequence, we must either find a foreign outlet for

this surplus or slow down production sufficiently to just take care of our own needs. Nobody relishes the latter alternative, so the deduction is evident that we must sell our surplus abroad.

How is this trade to be financed? In this connection the following statement by John McHugh, vice-president of the Mechanics and Metals National Bank of New York, is of interest:

The exporters of the United States are now sending out from our seaboard more than \$20,000,000 of material daily and expect to be paid therefor. This volume of shipments would cease immediately if our exporters were fearful regarding their payments.

Every banker in this city and in the other large financial communities of the country has daily requests for loans for export transactions, the security for which is indisputably good. The only reason these banks cannot extend the desired credits in the volume desired is that the foreign buyers, of necessity, must have a longer period for payment than that imposed by the restrictions of our present commercial banking practices.

It is to meet just this situation and to retain for American exporters the tremendous advantage of overseas markets—be they in Asia, Australia, South America, Africa, Europe, or any other corner of the earth—that the Foreign Trade Financing Corporation appears to be a vital necessity in our business life.

The necessity for finding foreign outlets for surplus production is also emphasized in *The Index*, published by the Liberty National Bank of New York, which points out that the approximate increase between 1910 and 1919 of the production of manufactures in the United States was 31.7 per cent., of mining 38.7 per cent., and of agriculture 11.6 per cent., while during the same period population increased 13.5 per cent. Commenting on these figures, *The Index* states:

We have an enormous capacity, represented very largely by plants which are to a considerable extent idle, and therefore an economic loss. And the question persists as to what is the best use to make of this capacity and thereby to employ productively the capital and labor involved in its maximum use.

The conclusion generally accepted is that steps must be taken to enable foreign markets to absorb whatever is the excess of pro-

duction in the United States. It is doubtless for this reason that the attention of the financial and commercial world is now so largely centered upon ways and means safely and with profit to ourselves as well as to the foreign purchaser to provide additional credits for exports.

Another conclusion from the figures showing increase of productive capacity in comparison with population is that under the stress of war we have increased our productive capacity beyond a point justified by the ability of our own people to consume, and of the available foreign market to absorb. If this is so the nation as a whole is in the position of a manufacturer who has over-expanded his production under the influence of a boom market. His only sound course is one of retrenchment and readjustment.

The March letter of the American National Bank of Nashville, Tenn., sums up December foreign trade statistics as follows:

Exports of merchandise during December were valued at 721 million dollars compared with 677 million dollars for the previous month and 681 million dollars for December of the previous year. Imports were 266 million dollars compared with 321 million dollars the previous month and 381 million dollars a year before, leaving us a favorable balance of trade of 455 million dollars for the month compared with 356 million dollars the month before and 301 million dollars in December a year ago. Under present exchange conditions, the foreign trade showing for the month of December was remarkable and it is hardly to be expected that we will record a favorable trade balance amounting to 455 million dollars in a single month for some time to come. The financing of our heavy exports may make it necessary to considerably increase imports. In view of the great need of nitrates as fertilizer, the recent decline in the price of nitrates in Chile should bring about heavy imports; such imports for the first eleven months of 1920 amounted to 59 million dollars representing 1,249 thousand tons while for the same portion of 1918 we imported 1,698 thousand tons at a cost of 82 million dollars.

THE RAILROADS

The railroad situation is coming in for a great deal of attention recently. It is the general opinion that freight rates cannot be further increased, and yet even at the present high schedule the roads are not showing satisfactory earnings. Being unable to increase their revenues, railroad managers are naturally turning to the alternative of

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INTEREST ALLOWED ON DEPOSITS.

decreasing operating costs, and in this connection their first and biggest problem is the cost of labor. On this subject the March letter of the National City Bank of Chicago says:

The move made by the railroads to abrogate national wage agreements in the effort to lower operating expenses has directed attention to the status of the wage question in all industries. In a season of vanishing profits, it is clear that labor must contribute its share towards reducing the high cost of living which the people of the entire world will no longer tolerate. Railroad managers have given interesting testimony before the Railroad Labor Board touching the injustice of some of the labor rules which they are working under and representatives of the employees have made strong representations on the other side. This agitation has brought up some interesting problems, and there is no doubt but that the controversy will be threshed out and justice done in the final analysis. It is too early to judge the ultimate effect of this controversy, but it will be helpful in emphasizing the increased labor costs in all industries. The one thing sure is that the railroads cannot further advance passenger or freight rates, for in the judgment of many experts the industry has now as high rates as can prevail without reducing the volume of traffic. The cost of producing transportation is very much greater than it was, and without attempting to prejudge the case before all the testimony is in, there does not appear to be any good reason why the railroad worker should not consent to some reduction of wages at a time when several hundred thousand wage earners in other industries are consenting to concessions in order to keep their business going. On the other hand, no lasting good will be gained by exaggerating conditions, or declaring that the railroads are on the verge of receivership. They are not as badly off as that. The slump in business for the roads has been severe, but an effort is being made to fortify the industry and develop materially increased efficiency.

AGRICULTURAL CONDITIONS

That the farmer is by no means as down and out as some pessimists would imply, is the conclusion reached by *The Breeder's Gazette*, which recently made an investigation of the Central West and found that "seventy per cent. of its farmers are not only solvent but more or less prosperous, twenty-five per cent. are bent, but not seriously, and less than five per cent. are in difficulty." While by no means minimizing the gravity of the situation, the *Gazette* is of the opinion that we are on our way to better days, and throws out the following by way of advice:

Mark down your goods, gentlemen of the manufacturing, jobbing and retail trades. Mark down your wages, you workmen who hope for steady employment at a fair price for an honest day's work, and thus shoulder your due share of the burden of readjustment, thus far borne mainly by those who live upon the land.

The Spokane and Eastern Trust Company of Spokane, Wash., also believes that "there must be a cut in commodity prices in all lines to bring merchandise within the reach of the farming community which has suffered such a collapse in its purchasing power."

The First Wisconsin National Bank of Milwaukee thinks that "farmers have largely given up the idea of controlling prices by holding back wheat, corn and livestock," and says that "it is quite useless for any group of producers to think of stabilizing prices in the face of world-wide influence of sup-

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ply and demand which are beyond the control of anyone."

THE MARKETING OF CROPS

Observers of agricultural conditions have in some instances recently pointed out that farmers should be extended financial accommodation sufficient to enable them to hold their crops over longer periods than is the present practice.

It is remarked that producers of staple agricultural products must, under present conditions, place these on the market not as they are needed but as they are produced. The National City Bank of New York quotes a weekly publication as stating:

The markets are crowded with crops at one season and are almost empty of them at all others. This means that when the farmer is harvesting his year's return, his products bring him in the least. They are

bought up by speculators when they are cheap and when the farmer must sell in order to get money to pay his bills, and then the dealers manipulate the amount they will let loose on the market until harvest time comes again, and at prices to meet their own speculative and immoral wishes.

George H. Johnston, cashier of the Citizens State Bank of Wales, North Dakota, has made a special investigation of this subject and has found that from 1901-1910 the farmer who held his wheat received only 1 1-10 cent more per bushel than the farmer who sold shortly after harvest. This 1 1-10 cent, Mr. Johnston points out, would not come any ways near paying for interest on money, shrinkage of grain, storage and insurance. As the First Wisconsin National Bank says, "it may be true that, on the average, spring prices are a little better than prices during the crop moving season. But are they enough higher to pay farmers the costs of holding? These questions should be thoroughly gone into before the present system of marketing and distributing farm products is radically changed."

FARM FINANCE

According to the *New York Times*, banking accommodation to farmers this spring will not be as liberal as heretofore. The *Times* article says:

Around March 1 farmers in most parts of the country begin to make application to their banks for accommodation to carry them over the planting season, and this year, it is learned, responses to these applications are not likely to be as liberal as they have been in the past.

It would perhaps be incorrect to say that there is a concerted movement on among the banks to withhold credit from the farmers, but it is known that a great many bankers are not willing to extend further the lines they have already granted. Under the circumstances, unless the farmers are prepared to reduce present indebtedness, they are likely to experience a good deal of difficulty in arranging loans for seed, fertilizer and the other things which are needed in the Spring.

Farm loans usually are pretty low around the first of the year. The farmers, after harvesting their crops in the Fall, pay off the loans they have contracted earlier in the year, and during the early Spring, as a rule, are not much of a factor in the

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general credit situation. This year has been an exception to the rule, for because of the startling fall in prices of farm products last Fall and Winter, many farmers refused to market their produce, and, of necessity, could not pay off their bank loans.

At present there are farmers and planters in the South and West who still owe on loans which ordinarily would have been paid off months, or at least weeks, ago, and now that the planting season is approaching rapidly it is believed that the new applications will come in before these loans are liquidated, unless the farmers themselves are convinced that they must liquidate old indebtedness.

WHOLESALE PRICES

The National Bank of Commerce in New York says on the subject of wholesale prices:

Further substantial declines in commodity prices have occurred during the period January 16 to February 15, including both raw materials and semi-finished products. In the cotton and grain markets, prices which appeared to have reached a position of at least temporary stabilization just after the first of the year, have suffered new declines. Steel and petroleum prices which

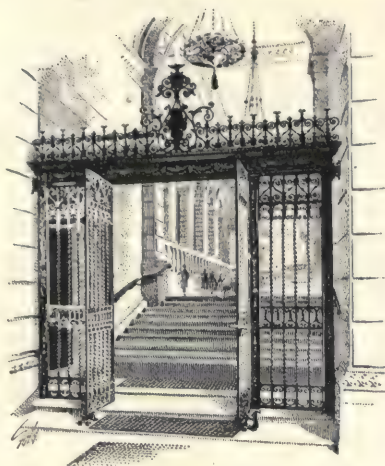
hitherto resisted the downward movement in other markets, began during the period under review to follow the course of other commodities. The slight improvement noticeable after the first of the year in the movement of wool and hides has not been sustained and in many grades of these commodities it can scarcely be said that a market exists at any price.

LABOR

On the subject of labor, the following words taken from a recent address of James S. Alexander, president of the National Bank of Commerce in New York, are of interest:

The growing tendency of labor to become more efficient and its willingness to accept some liquidation of inflated wages is encouraging. The readjustment now going on in respect to labor supply and demand is beneficial to the individual worker. The excess of jobs over workers, inflated wages and lax supervision from employers which characterized the boom period were all influences contrary to labor's best interests.

Competition for work means the stimulation of efficiency and stanch Anglo-Saxon individualism as opposed to radicalism. But employers must not attempt to lower wages



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You may be sure that we will properly care for his banking needs and do all we can to be of service in other ways.

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unduly or to enforce greater curtailment than circumstances warrant. Wage earners in the United States are entitled to the opportunity to receive more than merely the means for a bare and joyless existence in return for real work well done.

THE STEEL INDUSTRY

The National Bank of the Republic of Chicago sums up conditions in the steel industry as follows:

For some time the wide disparity in steel prices as between different interests has been undergoing reduction until at present the prices in the industry are practically uniform and on the level with those fixed by the Industrial Board in the early part of 1919 and since maintained by the largest factor in the industry. Operations now average about fifty per cent. of capacity for the industry as a whole, although they vary from twenty per cent. for some of the smaller producers to nearly ninety per cent. in the case of the Steel Corporation. In view of the paucity of new orders, and as manufacturers have been drawing heavily on their accumulation of old orders, there has been considerable discussion as to the advisability of a general reduction in prices as a means of attracting new buying in volume. It is pointed out, however, that

once prices break decisively below the present level, the unexpected result may be the further withholding of orders on the part of prospective buyers until there is positive assurance that the bottom has been reached. Too great reliance is not placed on extensive railroad buying for the present, as the roads are short of cash by reason of their inability to collect promptly the last installment of the Government guaranteed return, but more especially as they are intent upon strict economy in view of the unexpected poor showing of net earnings since the rate increase went into effect six months ago.

THE BUILDING SITUATION

The monthly letter of the Alexander Hamilton Institute, New York, has the following to say about building conditions:

According to the Bureau of Labor at Washington the general level of building materials on January 1 was 166 per cent. above the level of 1913, while the cost of house furnishings was fully 246 per cent. over the pre-war level, conditions unfavorable to home building. The Bureau estimated the price of clothing at 120 per cent. above the 1913 level and found an increase

of only 44 per cent. in farm products. The comparison of these different price groups argues that building costs are relatively high.

The outlook is not wholly discouraging, however. Not only is the labor supply comparatively plentiful, but there is a willingness to work. Then, too, basic iron has declined below \$30 per ton as compared with \$50 last Spring, and when new business is offered the steel companies are known to be cutting prices below the level recently maintained by the U. S. Steel Corporation. The mild winter and the slack demand from the factories has caused a drop in coal and this permits a reduction in the cost of brick. Experience shows, furthermore, that American business men seldom stop expanding on account of business depression. They think in terms of a future population of 200,000,000 and vast resources to be developed. Charles Schwab recently stated that during his forty years in the steel industry the capacity at the end of each boom period was always inadequate for the requirements of the next. A generation hence, he affirmed, the annual production of steel in the United States would be 100,000,000 tons.

THE BOND MARKET

Conditions in the bond market are discussed as follows by the Guaranty Trust Company of New York:

While the stock markets continue dull, with irregular flurries, and there is but slight interest in bond trading, the market for new securities has steadily gained in strength since the first of the year. The demand for new capital and refunding money comes from all sections of the country and from a variety of interests. Municipal and public utilities issues are strongly represented both in long term and short term financing and there have been some notable borrowings on the part of railroads, many of which have been hard pressed by the delay of Congress in providing for partial payments of the amounts owed to them as a result of Governmental management of the roads. Foreign loans have not figured largely up to the present, but the sustained strength of the market has evoked the belief that European and South American countries will presently begin negotiations for credits here. The total amount of the issues since January 1 is above \$500,000,000, and in many instances they have been oversubscribed within an hour or two after the opening. Reports from Europe indicate that American capital is being invested directly in a considerable number of industrial enterprises now reaching toward a recovery of their pre-war business.

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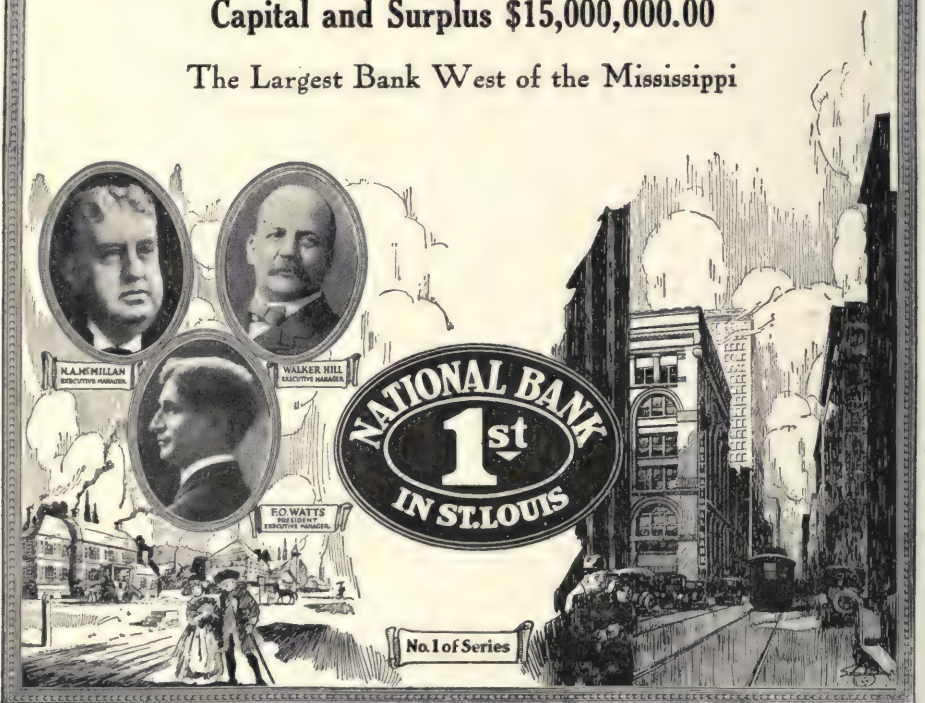
The steady and consistent growth of our city from a trading post in the wilderness to its present commanding position as the central market place of the rich Mississippi Valley augurs well for continued civic and business success.

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N. Y. TRUST BOARD NAMED

Mortimer N. Buckner, president of the New York Trust Company, and Harvey D. Gibson, president of the Liberty Bank of New York, have announced the personnel of the board of trustees of the New York Trust Company after the consolidation of the institutions. The board, to be composed of thirty members, will include some of the best known financiers in the city and will be representative of interests identified with both the trust company and the former national bank.

It also was announced that after the consolidation Otto T. Bannard would become chairman of the Advisory committee, to include Edmund C. Converse and Henry P. Davison, and that Thomas Cochran would be made chairman of the executive committee, including Mr. Cochran and Mr. Buckner, who is to be chairman of the board of trustees, and Mr. Gibson, president of the company.

The board of trustees will be as follows:

Otto T. Bannard, chairman, board of trustees, the New York Trust Company; Mortimer N. Buckner, president, the New York Trust Company; Thomas Cochran, J. P. Morgan & Co.; James C. Colgate, James B. Colgate & Co.; Edmund C. Converse, New York; Alfred A. Cook, Leventritt, Cook, Nathan & Lehman; Arthur J. Cumnock, Catlin & Co.; Otis H. Cutler, chairman, American Brake Shoe and Foundry Company; Henry P. Davison, J. P. Morgan & Co.; Robert W. de Forest, De Forest Brothers; George Doubleday, president, Ingersoll-Rand Company; Russell H. Dunham, president, Hercules Powder Company; Samuel H. Fisher, New York; John A. Garver, Shearman & Sterling; Harvey D. Gibson, president, Liberty National Bank; Thomas A. Gillespie, chairman, T. A. Gillespie Company; Charles Hayden, Hayden, Stone & Co.; Lyman N. Hine, president, American Cotton Oil Company; Frank N. Hoffstot, president, Pressed Steel Car Company; Henry C. Phipps, New York; Walter Jennings, New York; Darwin P. Kingsley, president, New York Life Insurance Com-

pany; Edward E. Loomis, president, Lehigh Valley Railroad Company; Howard W. Maxwell, vice-president, Atlas Portland Cement Company; Ogden L. Mills, New York; Edward S. Moore, vice president, Beech-Nut Packing Company; Junius S. Morgan, Jr., J. P. Morgan & Co.; Grayson, M. P. Murphy, Grayson M. P. Murphy & Co.; Charles W. Riecks, vice president, the Liberty National Bank; Dean Sage, Zabriskie, Sage, Kerr & Gray.

TRUST COMPANY BANQUET

The tenth annual banquet of the trust companies of the United States was held at the Waldorf-Astoria Hotel, New York, on the evening of February 17th. Over eight hundred trust company and bank officials from all parts of the country were present and over two hundred guests were in the galleries, thus making a record attendance for this annual event.

Edmund D. Hulbert, president of the Merchants Loan and Trust Company, Chicago, and president of the trust company division, American Bankers Association, presided and acted as toastmaster. General Charles G. Dawes, president of the Central Trust Company of Illinois, General John J. Pershing and Judge Charles F. Moore, were the speakers.

Mr. Hulbert in his speech of introduction referred to the fact that many trust companies were considering the advisability of withdrawing from the Federal Reserve System and he urged the necessity of doing something to make it worth while for them to remain in. He said in part:

You remember that when the Aldrich Currency Plan was formulated, it contained a provision that in times of emergency, to be determined by the Federal Reserve Board, Federal Reserve banks should be permitted to loan money to member banks on their own obligation, secured by such collateral as the Federal Reserve banks were willing to accept.

For some unknown reason that clause was not incorporated in the present Federal Reserve Act, but I noticed with much satisfaction that the Comptroller of the Currency a few days ago, in making his final report, recommended that the Federal Reserve Act be amended to include this provision. Now, I think in justice to Mr. John Skelton Williams, it should be said that this recommendation was probably not actuated by any overpowering



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partiality to trust companies of state banks as it was probably and undoubtedly actuated purely in the interests of public welfare; and I hope we will all, collectively and individually, do all we can to see that this legislation is passed and that this amendment is incorporated in the Federal Reserve Act.

General Dawes emphasized the outstanding importance of reduction of taxation which he said could only be done through reduction of governmental expenses. On this subject he said:

First, let me say a few words to show how important is this question of the reduction of taxation, which can only be secured effectively through a reduction of governmental expenses, through a proper reformation of our business system.

Now, the Secretary of the Treasury for the fiscal year 1921 estimated that the ordinary expenditures of the Government would be \$4,851,000,000. In that estimate, he includes, for the Post Office Department only, a deficiency of about \$36,800,000. In other words, there is not included in that figure of \$4,851,000,000 that part of the expenses of the Post Office Department which would be covered by the revenues of the Postal Department, which amount to about \$467,000,000. Now adding that \$467,000,000 to the \$4,851,000,000, you have the estimated expenditures for the fiscal year 1921 of about \$5,300,000,000.

Now, if we subtract from that sum the amount of money which we expend in matters of administration—for instance, our delectable experience in connection with the Government operations of railroads will cost the people this year only the small sum of \$1,032,000,000, besides what it cost us in the past. Then we have the interest on the public debt of about \$975,000,000, and pensions of about \$375,000,000, I think. But adding these expenditures which are not related to administration and which amount to about \$2,700,000,000, there remains the tremendous sum of \$2,600,000,000 for the ordinary administrative expenditures of Government—and that is the sum out of which the reductions must chiefly come to reduce the taxation of the Government, which today is throttling the industries and the commerce and the labor of our country.

General Dawes closed with what he termed a "prayer" for a closer co-operation between the English-speaking nations. He said:

May God make the great English people just and considerate; may God make the great Irish people just and reasonable; but may God damn the American demagogue, of whatever nationality he may be, who, for political purposes, seeks to stir up strife between the two great English-speaking nations, in whose joint hands rests the ark of the covenant of human freedom, and the cause of civilization for the ages to come. That is not profanity; that is a prayer.

The audience rose, cheered, and applauded.

General Pershing in his address took occasion to express his appreciation of the part played by bankers in helping to win the War. He said:

I feel that I cannot close without saying a word of my own appreciation of the splendid manner in which the banking interests of America stood behind her in time of need! I believe that the leading bankers of the United States foresaw with greater clearness, and earlier no doubt, than any of the rest of us,

just what the country was likely to encounter before the end of the great World War. In their capacity in financing foreign governments, they were brought in close contact with the situation; and when the time came, no body of men in the country was more patriotic or did more to sustain our Armies and to uphold our National credit than the American Banker.

The second mid-winter conference was held at the Astor Gallery in the morning and afternoon of February 17th. J. Arthur House, president of the Guardian Savings and Trust Company, Cleveland, Ohio, and first vice-president, trust company section, American Bankers Association, presided. The purpose of the conference was a free discussion of various practical problems pertaining to the operation of trust companies. The following subjects were discussed: Federal Legislation; State Legislation; Co-operation with the Bar; Publicity and New Business; Trust Company Charges; Community Trusts; Registrar and Transfer Department.

TENNIS TROPHY DONATED

Seward Prosser, president of the Bankers Trust Company, has donated a silver bowl to be competed for by tennis teams of a league of banking institutions during 1921. This league will comprise the following banks and trust companies:

National City Bank, Guaranty Trust Company, Bankers Trust Company, Chase National Bank, National Bank of Commerce, J. P. Morgan & Co., Equitable Trust Company, and New York Trust Company.

The schedule will call for each team of five men playing each other team in the league one match of five singles and two doubles. These will be played on week-day afternoons on club courts adjacent to New York. The committee is arranging with various clubs for the use of courts.

LIBERTY NATIONAL BANK TO BE A STATE BANK

The stockholders of the Liberty National Bank of New York have voted to liquidate that institution as a national banking association and to re-form it as a State bank, under the title of the Liberty Bank of New York. Approval of this action had already been granted by the controller of the currency, and at the close of business on March 8, the Liberty National Bank as such ceased to exist. On the following morning it began business as a State bank.

This step is preparatory to the merging of the bank with the New York Trust Company, which will be consummated on April 1, when the Liberty Bank will become the

Liberty Branch of the New York Trust Company. Some time in August, it is expected, the new quarters at 100 Broadway, which the Liberty Bank arranged for prior to consideration of the merger, will be ready for occupancy, and at that time the Liberty Branch and the New York Trust Company will consolidate their offices at that address.

About April 1 Harvey D. Gibson, president of the Liberty Bank, will be elected president of the New York Trust Company, succeeding Mortimer N. Buckner, who has become chairman of the board.

THE PACKING INDUSTRY

For "those who would know and who ought to know the whys and wherefores of the meat packing industry" Armour and Company have prepared an interesting booklet containing many interesting facts.

Reviewing conditions in the industry the booklet points out that "it is safe to assume that the packing industry has passed through its severest throes of readjustment. Prices in general are fast accomplishing the leveling down process, paving the way to greater stability and increased activity in all American business. European countries still need products of our land, and await only the moment when credit arrangement can be established. We can look to the near future with confidence."

"It is but natural," says the booklet, "that the producer should want high prices for livestock, and the consumer desire low prices for meat. A fair compromise between the two is inevitable. The law of supply and demand cannot be evaded." The packer, however, "has no reasons for favoring either high or low prices. His business prospers best when prices represent an even balance between producer and consumer interests."

The booklet contains the president's annual report to the stockholders as follows:

The falling market during the past year made profits almost impossible. The public had refused to buy until price reductions were made, and profitable prices on perishable products could not be obtained under such circumstances.

Never was the importance of consumptive demand upon prices better illustrated. Receipts at the principal stock yards were not quite up to normal, but despite prices that were too low to suit producers and despite the best efforts on the part of the packers to make a profit, our business in this country was conducted at a loss.

During the fiscal year 1920 Armour and Company's sales totaled approximately \$900,000,000. This is less than in 1919, reflecting in part the lower prices of our commodities and in part the segregation of the leather business and the lessened volumes in the grocery line, which we are disposing of gradually, preparatory to closing out entirely as required by Federal Court decree. On that portion of the year's business representing sales in and ex-

ports from this country, we sustained losses aggregating many millions of dollars. Our inability to prevent this loss should forever end controversy as to wherein lies the price fixing power on packing house products. The law of supply and demand is supreme.

In view of our losses in this country, we have found it necessary to draw on reserves accumulated by various of our foreign connections which have had steady growth during the past years.

The year's net income of \$5,319,975 represents a return of only 2.4 per cent. on the average invested capital.

As a result of expenditures which reflect a net increase of \$13,600,000, our power equipment and general facilities for doing business are in better shape than they have been for many years. We have greatly improved several of our power plants; we have added six hundred refrigerator cars to our equipment; and we have greatly expanded and improved the facilities of the Fertilizer Works. All this tends toward production at lower costs. In the balance sheet the increased values of lands, buildings, machinery, etc., represent actual new investments—and not reappraised valuation.

There is abundant reason to look forward to a better year. We have maintained tonnage and outlets. Closing inventories were priced most conservatively and this low market basis should tend to stimulate consumption of meat products. The coming months should show a brisk business and satisfactory profits. Our business is largely one of service, and service such as ours merits recompense, which in a period of years will undoubtedly make up for such lean periods as that through which we have just gone.

ASIA BANKING CORPORATION

The Asia Banking Corporation, with its head office at 35 Broadway, New York, has just opened an office in San Francisco, in the Robert Dollar Building, 301 California Street. This is a logical step in the development of the corporation's organization which is designed to supply complete and direct banking service to American business interests engaged in trade with China and all other sections of the Asiatic Continent.

The rapid growth of the Asia Banking Corporation is in itself an evidence of the increasing enterprise of American interests in Far Eastern trade. This banking institution established in the latter part of 1918 now has nine branches in the Far East, namely at Shanghai, Hankow, Peking, Tientsin, Hongkong, Changsha, Canton, Manila and Singapore. The service available through this chain of active branches has been much used by merchants in the Eastern part of the United States, through the head office in New York, and will now be equally at the convenience of interests on the Pacific Coast through the new San Francisco office.

FRANK C. CAMPBELL

Frank C. Campbell, for the last ten years with the bank examiner's department of the New York Clearing House, has been appointed assistant cashier of the Union Ex-



The Income of the Average Man

registers real progress only when a proper proportion of it finds its way to the bank.

Your problem as a banker is to educate your people to a keener appreciation of this fact—and to attract the resulting accounts.

This is accomplished through an effective, really interesting, presentation of your service.

How The Collins Service helps its clients to make such a presentation was explained recently in The Bankers Magazine. A copy of the article is yours for the asking.

The Collins Service

PHILADELPHIA PENNSYLVANIA

change Bank of New York. Previous to his employment by the Clearing House Mr. Campbell was a Federal bank examiner.

APPOINTED ASSISTANT SECRETARIES

Holt F. Callaway and Bates Wyman have been appointed assistant secretaries of the Guaranty Trust Company of New York.

NATIONAL BANK OF COMMERCE ADDING MACHINE CONTEST

By listing correctly 200 checks in three minutes, thirty-nine and two-fifth seconds, Elmer A. Doland, of Midland Park, N. J., on February 8, won the semi-annual adding machine contest of the National Bank of Commerce in New York. The name of the winner, who is a member of the bank's mail tellers department, will be engraved upon the cup which was donated by James S. Alexander, president of the bank, to the Commerce Club, the organization of employees of the bank. In addition, he won for himself a small replica of the cup and a cash prize of \$10, offered by the club. The amounts on the contest checks were

copied from a clearing house list selected at random, an innovation from the usual practice of using prepared lists.

Charles Schimski and Edgar C. Whelan, of New York, won second and third prize in the contest. A special prize of \$5 for the girl making the best record was won by Miss Agnes Mullane, of New York.

EDWARD L. BECK

Edward L. Beck, formerly assistant to the president of the American Foreign Banking Corporation, has been elected treasurer of the Industrial Finance Corporation.

SAVINGS BANKS OF NEW YORK STATE MORTGAGE LOAN HOLDINGS

Savings banks of New York State lead the savings institutions of all other states in ratio of mortgage loan holdings to total assets, according to figures made public by the Savings Banks Association of the State of New York.

According to these figures the 141 savings banks in the Empire state, with total assets of \$2,730,187,369.59, have mortgage holdings

amounting to \$1,298,804,006.39, or fifty per cent., while the 80 savings banks of Connecticut, with total assets of \$419,257,369.89, have mortgage holdings amounting to \$156,925,987.52, or a ratio of 47 per cent. Third on the list is Massachusetts, whose 196 savings banks have \$1,215,244,815.02 total assets, of which \$536,194,046.19, or 44 per cent., is invested in mortgage loans.

Other states with number of banks, total assets of each, mortgage holdings and ratio to total assets follow: New Jersey, 27 banks, total assets \$195,530,688.79, mortgage holdings \$74,297,302.60, ratio 38 per cent.; New Hampshire, 56 banks, total assets \$142,971,298.45, mortgage holdings \$43,928,013.95, ratio 31 per cent.; Delaware, 2 banks, total assets \$20,360,833.95, mortgage holdings \$5,122,379.92, ratio 25 per cent.; Rhode Island, 15 banks, total assets \$121,540,154.38, mortgage holdings, \$24,757,766.79, ratio 20 per cent.; Maryland, 17 banks, total assets \$131,027,712.68, mortgage holdings \$20,313,136.66, ratio 15.2 per cent.; Maine, 44 banks, total assets \$107,463,361.59, mortgage holdings \$14,526,977.84, ratio 13 per cent.; Pennsylvania, 10 banks, total assets \$314,256,637.46, mortgage holdings \$30,990,117.98, ratio 10 per cent.

"A basic reason for savings banks to place relatively so much funds in mortgage loans is that the mortgage loan tends to keep the savings of the people within the community where the savings bank is located," says Dr. Harrison H. Wheaton, executive manager of the Savings Banks Association of the State of New York.

GUARANTY TRUST COMPANY

The board of directors of the Guaranty Trust Company of New York has declared a quarterly dividend of 5 per cent. on the capital stock of the company for the quarter ending March 31, 1921, payable on that date to stockholders of record March 13, 1921.

WALTER S. McLUCAS

Walter S. McLucas, for the last four years president of the Commerce Trust Company of Kansas City, Mo., has been elected as a vice-president of the National City Bank of New York.

COMMERCIAL EXCHANGE BANK OPENS NEW BRANCHES

The Commercial Exchange Bank of New York has announced the opening of two

additional branches, one at 321 Broadway and the other at Broadway and Forty-third Street. These are in addition to the long-established offices at Twenty-sixth Street and Broadway.

PRACTICAL QUESTIONS AND ANSWERS ON THE FEDERAL TAX LAW

Problems which face the business man, the individual and firms and corporations in the preparation of income tax returns are solved in the latest edition of the book "Practical Questions and Answers on the Federal Tax Laws," just issued by the Irving National Bank of New York.

The book consists of 96 pages and has been prepared by experts on the interpretation of tax legislation. It covers in question-and-answer form a wide range of cases which arise in the making of returns. It also contains a digest of the laws covering the capital stock tax, estate taxes, stamp taxes, occupational taxes, public facilities taxes, the excise tax, taxes on beverages, tobacco and amusements—in fact all Federal tax laws now in force affecting individuals, partnerships and corporations, except the tariff law, the tax on distilled spirits and certain internal revenue laws of limited application and long standing.

The edition is based on the United States Statutes and Treasury rulings as of January 2, this year. Special provisions applying only to 1918 and 1919 have been eliminated.

STATE BANKING REPORT

Banking institutions under the supervision of the New York State banking department made a creditable showing during 1920, despite conditions created by the readjustment of business, Superintendent of Banks George V. McLaughlin stated in his annual report to the legislature.

The decrease in bank deposits for 1920 over the preceding year was \$198,964,399. This, when compared with the great decline in commodity prices, was "remarkably small," said the Superintendent.

He recommended the repeal of the section of the law requiring him to make a yearly examination of the trust department of national banks, stating that the responsibility for that examination lies with the Federal authorities.

He also approved an amendment making railroad issues legal for savings bank investment under proper restrictions and giving

savings banks, under certain conditions, the right to have branches.

MYRON C. TAYLOR

At a meeting of the board of directors of the Guaranty Trust Company of New York, Myron C. Taylor was elected a director to fill a vacancy in the board.

JOHN H. DURRELL

John H. Durrell has been appointed an assistant vice-president of the National City Bank of New York.

"HOW EXCHANGES WORK"

The American Exchange National Bank of New York is distributing in booklet form a reprint of an article from *The London Daily News*, "How Exchanges Work."

APPOINTMENT OF EXAMINER OF SECURITIES

George A. White of Albany, N. Y., has been appointed by the state comptroller and the superintendent of banks to examine and receipt for the securities deposited in the state banking department by the corporations and individuals under its supervision, in accordance with the provisions of section 36 of the banking law.

ORIE C. KELLY AND GERHARD KUEHNE

Orie C. Kelly, assistant secretary of the American Trust Company of New York, in charge of the new business department, has been made secretary of the company. Gerhard Kuehne, formerly secretary, has been appointed vice-president.

CONVENTION OF RESERVE CITY BANKERS

Fred W. Ellsworth, president of the Association of Reserve City Bankers, announces that the association will hold its annual convention at the Lafayette Hotel, Buffalo, N. Y., Thursday and Friday, June 2 and 3, 1921.

BUFFALO TRUST COMPANY

Charles R. Robinson has joined the Buffalo Trust Company of Buffalo, N. Y., as vice-president. Mr. Robinson was at one time vice-president in charge of sales of the Lackawanna Steel Company, a member of the executive committee of the Liberty



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000
Surplus and
Profits - 8,000,000

E. F. SHANBACKER
President

The
FOURTH STREET
NATIONAL BANK
Philadelphia



IRVING NATIONAL BANK

Reduced Noise 70% to 80%

Their letter says: "Concerning the value of the 'No-Nois' Ceiling Treatment which you recently installed in our Credit Department, we should say that it has lessened the noise from 70% to 80% and brought about a wonderful improvement in the working conditions. The operation of 30 typewriters is hardly noticeable."

Marine Office of America says: "... the 'No-Nois' Treatment you installed for us on the fourth floor is satisfactory in every detail. I frankly admit that I had no idea that the noise could be minimized to such an extent. . . . Occupying five floors as we do, the contrast is decidedly noticeable when going from the fourth floor to any of the other floors. . . ."

'NO-NOIS'

REG. U.S. PAT. OFF.

TREATMENT

is giving equally satisfactory results—equal quiet—in many other offices, including scores of banks, both large and small.

It can be applied without interference with the work of the office. Does not injure the appearance of the ceiling—the only change is from a noisy room to a quiet one.

The cost is moderate—far less than the yearly loss through noise. We suggest that you look into this—noise in the office division of your bank is right now probably costing you far more in mistakes and fatigue and lessened output than you realize.

May we send booklet?

JUNIUS H. STONE CORPN.

Manufacturers of Rubberstone Floor Covering, Stonewall
Corkboard Finish, "No-Nois" Treatment and
Non-Plus-Ultra Corkboard

1400 Broadway, New York City

Atlanta
Baltimore
Buffalo

Boston
Chicago
Cleveland

Los Angeles
St. Louis
Philadelphia

Loan organization, and is now president of the Buffalo Chamber of Commerce, and president of the Niagara Metal Stamping Company of Niagara Falls.

The following stockholders have been elected to membership on the board of trustees:

Le Grand S. De Graff, president, State National Bank of North Tonawanda; vice-president, Tonawanda Power Company; manager, A. Weston and Sons; Edwin C. Klinck, formerly vice-president and general manager, C. Klinck Packing Company; Joseph P. Fell, president, W. A. Case and Son Manufacturing Company.

ARTHUR LEDERER

The Standard Bank of New York has announced the election of Arthur Lederer as vice-president. Mr. Lederer will have personal supervision of the new business department.

FEDERAL RESERVE ADDS BUFFALO AND ROCHESTER MEN TO BOARD

Two additional directors have been appointed to serve on the board of the Buffalo branch of the Federal Reserve Bank of New York. E. J. Barcalo, president of the Barcalo Manufacturing Company of Buffalo, was appointed by the Federal Reserve Board, and Thomas E. Lannin, vice-president of the Lincoln Alliance Bank of Rochester, by the Federal Reserve Bank of New York. The object of the increase in the number of directors is to give representation to the banks of Rochester, and also to have on the board a member active in industrial enterprises.

The five former directors of the Buffalo branch were reappointed. They are Frank L. Bartlett, president of the Exchange National Bank, Olean, and Clifford Hubbell, president of the Fidelity Trust Company, Buffalo, appointed by the Federal Reserve Board, and Elliott C. McDougal, president of the Marine Trust Company of Buffalo; Harry T. Ramsdell, president of the Manufacturers' and Traders' National Bank of Buffalo, and R. M. Gidney, manager of the Buffalo branch, appointed by the Federal Reserve Bank of New York.

BANK OF WESTBURY INCREASES CAPITAL

Approval has been given to an increase of the capital stock from \$25,000 to \$50,000 of the Bank of Westbury, N. Y.

CITIZENS NATIONAL BANK ORGANIZED

With a capital of \$100,000, the Citizens National Bank of Malone, N. Y., has been organized recently. The president is John M. Cantwell, and cashier, M. M. Miller.

CENTRAL BANK OF ROCHESTER

Approval has been given to an increase of the capital stock of the Central Bank of Rochester, N. Y., from \$300,000 to \$400,000.

INCREASE IN CAPITAL

The Bank of Niagara, Niagara Falls, N. Y., has been granted an increase in capital from \$200,000 to \$500,000.

NEW BANK ORGANIZED

The Woodbridge National Bank of Woodbridge, New Jersey, has been organized with a capital of \$50,000. The president is John F. Ryan, and cashier, Thomas B. Murray.

COMMERCIAL TRUST COMPANY, PHILADELPHIA

At a meeting of the directors of the Commercial Trust Company held on February 24th, the following promotions were announced, effective March 1st, 1921:

To be vice-presidents: Samuel A. Crozer and Mark Willcox.

To be secretary: J. Watts Mercur, Jr.

To be treasurer: Henry C. Gibson.

To be assistant secretary: Harry E. Righter.

To be assistant treasurer: Robert MacNeill.

To be assistant secretary: Miss Melissa Smith.

Miss Smith is the first woman to hold office as a trust company official in Philadelphia.

UNION NATIONAL BANK OF PHILADELPHIA

The statement of condition of the Union National Bank of Philadelphia, Pa., at February 21, 1921, showed total resources of \$18,986,176.39, deposits, \$13,693,752.96, and surplus and profits, \$766,506.83.

All the Modern Languages

Conversationally taught by native instructors, thus assuring correct pronunciation and accent.

With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

PRIVATE AND CLASS LESSONS—DAY OR EVENING

Terms Reasonable.

Catalogue on Application.

TRIAL LESSON FREE

GRAND PRIZES AT ALL EXPOSITIONS

The Berlitz School of Languages

30 West 34th Street, New York

218 Livingston Street, Brooklyn, N. Y.

BANK IS ORGANIZED BY NEGROES

The Modern Savings and Trust Company, an organization financed and directed by colored people, has opened in Pittsburgh, Pa. It is the first Negro trust company chartered in that state. The officers are: Jacob L. Phillips, president; T. W. Primas, secretary and treasurer, and E. J. Bullock, vice-president. The following are the board of directors: W. S. Jackson, J. L. Phillips, T. W. Primas, E. J. Bullock, W. H. Stanton, Phillip Kiszle, Fielding Strothers, Charles Jordan, Robert Vaughn, Monroe Groome, Thomas Richardson, Sherman Dudley, Samuel Parr, Dennis Mosby and A. E. Evans. The quarters of the bank are at 6317 Frankstown Avenue.

MELLON RESIGNS BANKING CONNECTIONS

A. W. Mellon, who will be Secretary of the Treasury in the Harding Cabinet, has announced his resignation from the execu-

tive boards of many banking institutions. He has resigned the presidency of the Mellon National Bank of Pittsburgh, vice-presidency of the Union Trust Company and Union Savings Bank of Pittsburgh, and directorship of the National Bank of Commerce of New York and various corporations.

ARNOLD NATIONAL BANK

The Arnold National Bank of Arnold, Pa., has been organized with a capital of \$100,000. The president is W. L. Hankey and cashier J. H. Murdock.

FARMERS NATIONAL BANK OF BOYERTOWN, PA.

The Farmers National Bank, Boyertown, Pa., was authorized in January to increase its capital from \$50,000 to \$125,000; \$75,000 was added to the surplus account, making it \$150,000. Total resources of the bank at December 31, 1920, were \$1,256,781.82, and deposits, \$1,056,190.34.

New England States

THE
FIRST NATIONAL BANK
of Boston

Transacts commercial
banking business
of every nature

Make it your New England correspondent

Capital, Surplus and Profits
\$37,500,000



Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE most interesting thing about New England business conditions just now is that her business men are "making haste slowly." There is no boom and no prospect of a boom, but there is a steady, substantial improvement that is building solidly for a bright business future. The liquidation of commodities is not yet complete by any means; in fact it would almost seem as if New England were a bit behind some other parts of the country in this respect; and until this liquidation is completed there is little chance for a permanent easing of the money stringency. But good progress has been made, and is being made steadily. New England is well pleased with the business-promise contained in the make-up of the new Cabinet, and is confident that better things are in store for the business of the whole country. As a big producer of essentials New England is bound to feel the new surge of business that comes from the re-establishment of confidence. The big woolen, cotton, leather, shoe, and other industries have been through a severe liquidation. Stocks of raw and finished materials have been marked down in the new inventories and the new prices established are already bringing orders in rapidly increasing volume. Mills are re-opening, plants that have been on part-time are beginning to run on full time, the readjustment of wages has proceeded much more smoothly than was deemed possible a few months ago, and everything is set for an era of good business.

The savings institutions reported heavy increases in deposits during 1920 and the much-talked-of unemployment in many localities has made little inroad, if any, on the tremendous volume of savings.

The building situation, at this writing, looks bad on the surface, but a careful analysis shows that at least the situation has reached such an acute crisis that settlement can not be delayed longer. Building materials have dropped in price, thus removing one obstacle to a resumption of building activity, and now it remains for wages to come down to a reasonable basis and for building labor to come up to a decent degree of efficiency. With the drop in wages in other lines of business, the pressure for medium priced rents has become even more acute than ever, and the way must be cleared so that this need can be filled. In anticipation of a settlement of this problem real estate has already taken on a new activity.

Retail business is good, and getting better. During February and the early part of March the big stores reported that collections were a bit slow, but not enough to cause any serious concern. The open winter has materially aided the distribution of goods, and the stores report a demand for seasonal goods heavy enough to warrant the belief that the "consumers' strike" has about ended and buying once more reached a plane where merchants can "count on it."

Business failures are numerous but in most of the cases the ratio of assets to liabilities makes a better showing than it did a few months ago. And the failures do not seem to indicate any special strain in any

WEBSTER AND ATLAS NATIONAL BANK OF BOSTON

For Boston Notes and Drafts

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	.	\$2,700,000
Average Deposits, about	.	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

particular industry or locality. They are scattered and relatively unimportant as far as the scope of their influence is concerned.

Speaking generally, New England business is in a healthy condition, optimistic over the future, not at all inclined to speculate, and very much inclined to proceed slowly and steadily toward an era of prosperity that is fully assured.



BOSTON BANK MERGER

The International Trust Company of Boston has absorbed the Old South Trust Company, effective on February 28, 1921.

MAINE SAVINGS BANKS MEET

On January 1, 1921, the savings banks of Maine met at the Falmouth Hotel, Portland, Me., in an all-day session, remarkable because it was the first of its kind.

Over sixty representatives of savings banks of the state attended this gathering which may well be characterized as typical of the new era in savings banking. Those who were present came together to discuss immediate problems of significance to the mutual institutions. The program arranged was of such a nature as to be convincing

that these problems are varied and of unquestioned interest to the savings banks.

The mutual institutions of Maine are associated in a state organization as are those in Connecticut, Maryland, Massachusetts, New Hampshire, New Jersey and New York. Of the Maine Association, Dr. W. T. Goodale, treasurer Saco & Biddeford Savings Bank, Saco, is president; W. A. Danforth, treasurer Bangor Savings Bank, Bangor, is vice-president; A. F. Drummond, treasurer Waterville Savings Bank, Waterville, is secretary, and B. A. Chase, treasurer Auburn Savings Bank, Auburn, is treasurer.

The savings banks of the state have total resources aggregating \$114,138,000. Total deposits amount to \$104,771,000, due 237,538 depositors.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 170,530
Ralph H. Mann, President
J. Lewis Ellsworth, Vice-Pres. and Treas.
George E. Duffy, Vice-President.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

PERFECT CONFIDENCE



Mr. Banker

THE knowledge that the lives of your employees are safeguarded by Bullet Proof PROTECTO Armor Glass and other Protective Appliances, will give them that confidence so necessary for efficient banking service. The resultant publicity of the installation of these modern protective appliances to safeguard the funds and securities entrusted to the care of your institution should not only increase the confidence of your depositors but prove of great value as a new business builder.

PROTECTED AND UNAFRAID

BULLET PROOF

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ARMOR GLASS
MONEY PASSAGES
PAY ROLL GATES
DOOR CLOSING AND
LOCKING DEVICES

FOR ESTIMATES ADDRESS
THE BANKERS PROTECTIVE APPLIANCE CORP.
5 COLUMBUS CIRCLE
NEW YORK

Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina,
Georgia, Florida, Alabama, Mississippi, Louisiana, Texas,
Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

THOUGH admitting that the business of the South has been "badly squeezed," and forecasting numerous more failures for the coming year, T. J. Bartlette, secretary-treasurer of the New Orleans Credit Men's Association, an organization that has agents throughout the Southern territory, and keeps in close touch with conditions in this territory because of the wholesale business done with it by New Orleans wholesalers and manufacturers, takes an optimistic view of the situation.

Mr. Bartlette, by the way, took a pessimistic view of the future when the buying mania was at its height and the "mercurial temperament" of the Southern people, as he described it, did not think the tide could ever turn. It did, as he forecast. His present forecast of better times is significant.

"The situation is easing up," he says. "Where merchants and individuals can't pay all they owe, they are paying what they can on account. They have been pretty badly squeezed—there's no denying that; some have been pretty badly hurt—we might as well look the facts in the face.

"The South is mainly governed by agricultural conditions. We are not as heavily interested in industrials as other sections, and consequently the fluctuations, while they have been great, have not been as violent.

"There is a growing disposition on the part of people who have anything to sell to turn it loose, accept their losses, and start afresh.

"The time has now come when it is necessary for the country merchant to do something to help the farmer. The farmer has been skating on thin ice; he is putting into effect every economy he can in crop-production; but he must have some advances now.

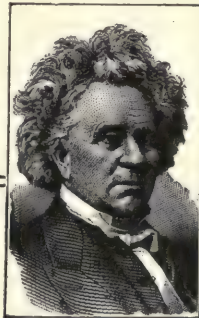
"Some of our best credit men have been pursuing this general course of reasoning with their trade. They have been selling technically on a cash basis, but have been willing to take part payments for new goods delivered, which they have applied to past

accounts, where past accounts were due.

"There is a disposition on the part of all to be as lenient as possible. This has helped the situation immensely. Some merchants have taken advantage of this, but this is always the case, and there has been nothing out of the ordinary.

"Last year was one of the most unusual the South ever knew. The probabilities are that this coming year there will be a short crop of cotton, and this will gradually bring about a readjustment with a return to the normal demand and better prices.

"Failures have been very great during the past year. It is hard for mercantile agencies to keep a statistical record of the failures, because there never were so many cases that were handled outside of the jurisdiction of the mercantile agencies; in



Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

W. J. WOLLMAN & CO.

120 Broadway, New York

Members New York Stock Exchange

Investment Securities

Bankers and Trade Acceptances

Our Review of Financial, Commercial, Industrial and Economic
Conditions Issued Every Two Weeks Sent Upon Request

other words, kept out of court. There have been more amicable readjustments than ever before—an instance of the leniency I just mentioned. Wherever a man has had a fighting chance, the creditors have given it to him. Where he hasn't they have made the best and easiest readjustments possible.

"We may expect a number of other heavy failures in the late spring. The crooked failures fall principally in November and December, because that is the time of the heaviest business, and they can clean up more money. This is also the time of heavy failures of a legitimate sort, because of the same business conditions. The failures that may be expected this year will be inherited from last—the firms that have had their seams strained, but have kept the pumps going in a desperate effort to keep afloat, only to founder in the end."

Another reflection of business conditions throughout the South was shown by the Spring Buyers' Convention, held in New Orleans during the latter part of February.

Merchants from representative sections of Louisiana, Alabama, Mississippi, Florida and Texas went to New Orleans to make their purchases. A questionnaire was circulated among them, asking them about conditions. Sixteen answered it. They are from a scattered territory, and indicate conditions generally.

Three of them reported a better business

in January than during the same month of the previous year; two reported it to be about the same; seven reported a slump—the rest did not answer. The percentages of decrease indicated were between 20 and 75 per cent., with four naming a 50 per cent. reduction. Seven found present conditions favorable, and nine unfavorable. Most of them agreed that prices must drop still further. The buying was not on as big a scale as last year.

It may be considered on the whole an optimistic showing, when taken in connection with Mr. Bartlette's analysis. They were speaking about present conditions, and it is notorious that most merchants do not see very far into the future; influenced by present conditions and problems, they are in the clouds when buying is brisk, and in the dumps when it slacks off, and do not think that conditions can change.

In the meantime, the South's first Edge bank—the Federal International Banking Company has gotten under way and already made a number of loans to finance the foreign cotton trade. The first loan was to cover a shipment of 15,000 bales by a Mississippi concern to Germany. The development of foreign trade is the key to America's continued prosperity, the economists agree.

Because "the outlook for the South portends increasingly better times," a number of merchants and business men of New Orleans have launched the stock sale for a new bank. This is the New Orleans Bank and Trust Company, and according to the announcement, it will have a capital stock of \$600,000 and a surplus of \$150,000.

The improving rice and sugar situation is pointed out by those in touch with the situation as an indication of better times. It is stated that the rice growers of Louisiana are making, for next season, the cheapest crop they have ever made. Only the most suit-

Opelousas National Bank

OPELOUSAS, LA.

Capital \$50,000

Surplus and Undivided Prof-

its 106,300

E. B. Dubuisson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagni, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October
1, 1903. Collections solicited.

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000
Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
JAMES M. BALL, Jr. Cashier
THOS. W. PURCELL Trust Officer

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

able land is being planted, and the acreage is being cut probably one-half.

The recent meeting of the Texas Bankers Association developed a strong vein of optimism. Texas, like other Southern cotton states, has a large surplus of cotton, and the country bankers were urged to do everything in their power to bring about a reduction in the acreage planted. A plan was launched with the object of having cotton marketed, through organized associations of farmers, on the same plan that is now being followed by the California Fruit Growers Association for its product. A bill recently passed the Texas legislature making such organization possible. The plan could be followed by other states.

Of importance to the entire South are the forthcoming conventions of the Mississippi Valley Association and the National Marine Exposition, to be held in New Orleans in the latter part of April and the first part of May.

Work of building the \$750,000 oil refining plant of the Carson Petroleum Corporation of Chicago, in New Orleans, has begun. This branch will be known as the Petroleum Export and Import Company. New Orleans already handles about one-

seventh of the total oil import and export business of the nation.



WINS FIRST HONOR FOR THIRD TIME IN GAINING NEW BUSINESS

Frazer Dunlap, a teller of the Louisville National Banking Company, for the last twenty-two years, won first honors for the third consecutive time in the new-business contest of the bank which ended recently after a drive of sixty days. His record in this last contest was an even 100 new accounts, giving him a big lead in volume of business, also.

"Be pleasant; that's the whole secret," explained Mr. Dunlap. His geniality is proverbial in local banking circles. And this characteristic has been worth thousands of dollars to his bank.

"Getting new business from the teller's window is an important item in a modern bank," said Mr. Dunlap. In explaining his method he stresses the importance of always having an orderly and attractive cage. A neat cage, carefully watched, will cause Mr. Public to comment favorably. On the other hand, the cage that shows signs of



FRAZER DUNLAP
Louisville National Banking Company,
Louisville, Kentucky

disorder will cause the teller to be immediately labelled as careless, an impression which is less desirable in regard to one's bank than anything else. I try always to have a small vase of fresh flowers. Often a tired young woman may stop in on her way to lunch to make a deposit for the firm. She may remark, 'how pretty the flowers look,' or something to that effect. If she is asked whether she would like to wear one, she will usually be pleased to do so—and, possibly, a new friendship is clinched.

"This being pleasant, genuinely so, will apply also to the matron who may be accompanied by her young son or daughter. A package of chewing gum will win the good will of the future customer. And, of course, when the fact is mentioned to the mother that now is the time to open a savings account for the little man, nine times out of ten a dollar or more is forthcoming to start his first bank account.

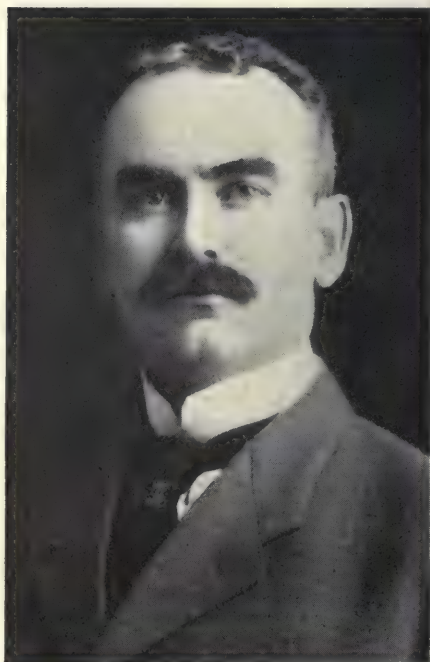
"The teller often may start the day under a handicap. He may 'feel like the very devil,' but the public must not know it. And he must never be too busy to answer any inquiry, courteously, or to accommodate in any way he is called upon.

"The teller must remember that, after

all, the public is his boss, and he must make the bank's customers feel that he has a personal interest in their welfare. Then the big boss—the public—will more readily speak a good word not only for the bank, but for the teller, also," Mr. Dunlap continued.

ARCHIBALD KAINS ELECTED PRESIDENT OF FEDERAL INTERNATIONAL BANK- ING CORPORATION

The Federal International Banking Company of New Orleans has announced the election of Archibald Kains, formerly president of the American Foreign Banking



ARCHIBALD KAINS
President Federal International Banking Company
of New Orleans, La.

W. R. Rison Banking Co. HUNTSVILLE, ALA.

Capital\$100,000
Surplus and Undivided Prof-
its 165,820

A. L. Rison, Pres.
Harry M. Rhett, Cash.

Collections will receive prompt attention
and be remitted for on day of payment.
Established 1866.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

Corporation of New York, as president. T. J. Caldwell, formerly vice-president of the Fort Worth National Bank of Fort Worth, Texas, has been elected vice-president.

Bank, an affiliated institution, showed resources of \$30,332,967.68, surplus, \$200,000; undivided profits, \$216,141.50, and deposits of \$27,572,551.18.

CHANGE OF NAME FOR NORTH CAROLINA BANK

The name of the Greensboro Loan and Trust Company of Greensboro, North Carolina, has been changed to Greensboro Bank and Trust Company. The statement of the bank at December 29, 1920, showed resources of \$3,900,278.22, deposits \$3,204,799.89, and surplus and profits, \$84,788.85. The capital was \$200,000 at that date, but within the last month has been increased to \$400,000.

R. E. HANSON

R. E. Hanson, vice-president of the Fidelity Trust Company of Baltimore, Maryland, has resigned to become affiliated with the Equitable Trust Company of New York.

WHITNEY-CENTRAL BANKS OF NEW ORLEANS

The statement of condition of the Whitney-Central National Bank of New Orleans at February 21, 1921, showed resources of \$44,776,468.35; surplus, \$2,000,000; undivided profits, \$708,318.84, and deposits, \$30,149,973.60.

The Whitney-Central Trust and Savings

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.

E. H. Pringle, Jr., Vice-Pres.

R. S. Small, Vice-Pres.

A. R. LaCoste, Vice-Pres.

G. W. Walker, Cashier.

J. H. Lucas, Assistant Cashier.

C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
Drafts on Charleston drawn with exchange
remitted without charge.

Case Branch House at
Minneapolis. One of
33 Branches in the U.
S. and Canada. Ad-
ditional branches in
foreign countries.

J. I. CASE THRESHING MACHINE CO.

J. I. CASE THRESHING MACHINE CO.

Safeguarding Farm Profits

IN your bank, with nickel-steel, time locked safety devices, you guard the funds in your keeping. Fifty-three Case Branch Houses in the United States and Canada perform a like service by safeguarding the interests of owners of Case Power Farming Machinery. These protective arrangements for money and machinery, maintain in safety the producing capital of our mutual clients.

Case Branches are located so as to distribute machinery and extra parts with the greatest dispatch to power farmers. Each of the efficiently organized Case Branch Houses, conveniently placed in central districts, adds materially to the profit-making ability of the Case-equipped farmer by assuring him uninterrupted operation during the busy season when time is most jealously guarded. Case Power Farming Machinery, protected by Case Branch Houses each equipped with a force of competent service men and a stock of spare parts, need never be idle.

Bankers who have investigated the requirements of power farmers will recognize the value of Case Branch House efficiency. They will find it an additional reason for confidence in the credit soundness of clients using Case Power Farming Machinery.

J. I. Case Threshing Machine Company
Dept. C401 Racine, Wisconsin

Look For The
EAGLE
Our Trade Mark

NOTE: We want
the public to know
that our plows and
harrowes are NOT
the Case plows and
harrowes made by
the J. I. Case Plow
Works Company.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

FINANCIAL conditions in the seventh reserve district improved steadily and rapidly for the first six weeks of the year; then there was a set-back, due to the requirements of the March 1 settlements and the income tax payments due March 15. In the month and a half of substantial improvement rediscounts were reduced to the lowest figures since the second month of 1920 and reserve note circulation, for the first time in a year, fell below the \$500,000,000 mark, a gratifying decrease from the maximum of \$559,000,000 recorded in mid-December. Since the middle of February there has been a moderate increase in both items, but this is believed to be only a temporary fluctuation, and it is expected that when the needs of the month have been met there will be a resumption of the movement toward normal.

These needs of the month are not nearly so great as they were at the corresponding time in recent years. Income and excess profits tax obligations have been materially reduced by the recession in business and heavy losses sustained in inventory valuation. Moreover, a larger number of taxpayers than ever before are this year anticipating these payments by the purchase of treasury certificates, thereby lessening the borrowing demand on the banks. As an illustration, one of the largest Chicago banks, which last year was called upon to provide between \$10,000,000 and \$12,000,000 for the March tax payments, reckons this year's loans on that account at less than \$2,000,000. The change is due partly to the decrease in the outlay required, partly to the spread of knowledge among corporations and business houses of the advantage of providing for their needs in this way, and partly to the spirit of conservatism and the husbanding of resources bred of a year and a half of commercial adversity. In the country districts the funds required for the March 1 settlements amount to almost as much as last year, for these districts have

been hit the hardest by the drastic deflation in agricultural products, which came after extensive commitments in land speculation had been made. Many tracts of land, options on which had been passed along from speculator to speculator at an ever increasing price, have by the readjustment of this year, returned to their original owners, with an attendant forfeiture of earnest money and cancellation of contracts that involves much loss. The only consolation that can be derived from these sacrifices is in the fact that they in large measure represent the writing off of wartime profits, just as has been the case with many mercantile concerns which have charged off millions because of the shrinkage of inventories. Those who in the heyday of prosperity were farsighted enough to anticipate the turning of the tide and establish adequate reserves, are not suffering. Those who used the large profits of the moment only to extend operations and multiply profits, are not having an easy time now.

Business in the central west, although greatly curtailed as compared with the first half of last year, is far from acute depression. Since last month's report there have been continued reductions in prices, but these are now principally in the way of readjustment, and there are significant indications of a swing of the pendulum in the other direction. It is perhaps too early to say that the bottom has been reached, but prices are steadier and there have been some advances in lines in which the slow buying of the last eight months has led to underproduction. Orders to wholesalers now compare favorably with those at the corresponding time last year, but there is still noticeable the striking difference that they are in smaller quantities and for quick delivery, which indicates that they represent the filling in of ragged stocks and provision for immediate needs, rather than the covering of distant wants. They indicate also that the distribution by retailers is still on a liberal scale, and that is an encouraging feature of the situation. It is surprising to note, for instance, that the turnover of Chicago retailers in January and February was in excess of that of the first two

Sales Prospect Lists

Installed and Revised

Surveys Made

Banks Investment Houses
Trade Associations

IRENE WILLIAMS
104 South Michigan Avenue
CHICAGO

months of last year, and this in spite of the reduction in prices. Contributory causes of this gain were the attractive sales of linens, bedding, white goods, clothing and shoes at substantially lower prices, the fact that for six months the public has been buying sparingly with a consequent accumulation of needs, and the fact that the marketing of goods represented concessions sufficient to appease for the time being the clamor for a reduction in the cost of living.

This encouraging phase of trade is much more noticeable in the city than in the country districts. While the marketing of farm products in the last two months has been on a larger scale than at any other time in five years, prices of most of these commodities are down to 1917 levels or lower, having undergone a much greater depreciation than the articles the farmer buys. This has had a strongly restraining influence on the buying of merchandise, as is shown not only in the reports of merchants in the rural districts, but in the orders received by the large mail order houses. The latter in January were nearly 50 per cent. under the first month of 1920, and in February the decrease was about 40 per cent. Part of this shrinkage is accounted for by lower prices, but by no means all. It is shown also in the slack demand for agricultural implements, which in turn has brought about severe modification of the manufacturing plans of the makers of these tools. In fact these manufacturers are counting more on repairs and replacement of parts for this year's profits than on sales of new machinery.

Crop prospects for the coming year pre-

sent much uncertainty. The drastic declines in grain prices did not have much effect in reducing the acreage of winter wheat planted, but the exceptionally mild temperatures of the winter and the light snowfall have not been favorable and the appearance of insect pests in some of the Southwestern fields a month earlier than usual has given rise to some uneasiness. Stocks of grain in farmers' hands are still large, and the effect of this, together with low prices on the spring's planting is yet to be determined. There is a compensating change in improved labor conditions and the maintenance of a large export movement in spite of the adverse conditions in the foreign exchange markets.

Resumptions of manufacturing operations have about offset suspensions in the last month, but no improvement is to be recorded. The largest steel producer of the district is still working at about 80 per cent. of capacity on old orders and has not reduced prices. The smaller concerns are operating at about 50 per cent., if at all, and have made material reductions in their efforts to keep going, but without stimulating buying to any great degree. A good business was done at the automobile show last month, but signs of any great revival in that industry are lacking. Detroit reports gradual additions to working forces, but principally by the stronger companies, which can afford the outlay necessary to anticipate the expected summer's call for machines.

Building materials, except brick, have declined further in the last month, but the labor situation is a serious obstacle to the activity in this industry which grave housing needs would seem to command. Meanwhile rents have been given another boost, to figures 100 to 150 per cent. higher than the pre-war basis, causing much popular agitation for regulatory legislation, which seems likely to succeed unless relief comes soon from a renewal of construction.

Money rates are unchanged at 7½ to 8 per cent. for commercial paper and 7 per cent. for other forms of accommodation. The investment demand has been sated by the flood of security offerings of the last month or so at yields of 7 to 8 per cent., and there are many corporation flotations under way but held up to await more satisfactory conditions. While this funding of obligations gives important relief to the banking situation, the demand for money from this source seems to preclude the likelihood of any material change in interest rates in the near future.

SAVINGS CAMPAIGN NETS 3,500
ACCOUNTS

The close of a campaign for new savings accounts which netted 3,500 new customers in six weeks was celebrated by the employees of the Sheridan Trust and Savings Bank, of Chicago, Illinois, at a banquet and dance at the Edgewater Beach Hotel tendered them by the officers of the bank. A silver loving cup was awarded the captain of the winning team by W. J. Klingenberg, president of the bank, and substantial prizes were presented to holders of individual records.

The remarkable success of the campaign, which brought the number of customers of the Sheridan Trust to a total of over thirty thousand, is an illustration of the results that a loyal, enthusiastic bank force can accomplish in the way of creating new business in a short, intensive campaign.

The details of the contest were arranged by R. F. McCambridge, assistant cashier; Percy W. Baddeley, manager of the savings department, and an advisory committee consisting of the senior officers, W. J. Klingenberg, president, and vice-presidents Read and Crowder. The banking force was divided into five teams, captained by junior officers, and points were awarded on the basis of new accounts opened. Some of the individual records were surprising, Fred J. Stratmann was credited with 437 new accounts, and Albert Tilton, Jr., with 267.

The Sheridan Trust and Savings Bank, in its beautiful and unique banking structure at Lawrence and Broadway, in the heart of the Wilson avenue district, has enjoyed a remarkable prosperity and its resources to-day are in excess of seven and a half million dollars.

DAVID R. FORGAN

David R. Forgan, president of the National City Bank of Chicago, was elected a member of the Illinois Telephone Company's board of directors at the annual meeting of the stockholders February 9, succeeding A. S. Hibbard, who retired.

FIRST BANK AND TRUST COMPANY
OF CAIRO, ILL.

The statement of condition of the First Bank and Trust Company of Cairo, Illinois, at December 31, 1920, showed resources of \$2,538,620.50; deposits, \$2,148,757.47, and surplus \$50,000 and undivided profits \$51,550.48,



Developed through the growth and experience of more than half a century

The First National
Bank of Chicago

James B. Forgan, Chairman of the Board
Frank O. Wetmore, President

and the

First Trust and
Savings Bank

James B. Forgan, Chairman of the Board
Melvin A. Traylor, President

offer a complete financial service, organized and maintained at a marked degree of efficiency. Calls and correspondence are invited relative to the application of this service to local, national and to international requirements.

**Combined resources over
\$375,000,000**

The Standard American Reference Book on International Banking

The International Banking Directory, the first American directory to be published entirely in the interest of international banking, is now ready for distribution.

The intention of the publishers is to make it the standard reference work for American banks interested in foreign business and for foreign banks using American banking connections.

Banks and bankers of the United States and abroad will find this book of real value to them in connection with international business. Some of the special features included in it are listed below.

The American Banker will find:

Information about the banks in all countries with locations of their many branches listed alphabetically by cities and towns.

Lately revised maps of all countries and geographical divisions.

A large amount of economic information about each country.

Much financial and general information of value to banks interested in international business.

The Banker Abroad will find:

The most complete select list of American banks he has seen in any international directory.

Lists of principal correspondents of a large number of American banks, enabling him to trace banking connections within the United States.

Valuable financial and economic information with regard to the United States.

Maps of the United States and of the Federal Reserve Banking System with interesting information regarding the latter.

The book is 7 x 10 inches, strongly and handsomely bound in red cloth and contains 527 pages, exclusive of maps and inserts, completely indexed.

SUBSCRIPTION ORDER

THE BANKERS PUBLISHING CO.,
253 Broadway,
New York, U. S. A.

Please send us prepaid copies of the current issue of The International Banking Directory, for which we will pay Ten Dollars (\$10.00) per copy.

Name

Address

Signed by

NEW BANK FOR CLEVELAND

Announcement has been made of the organization of the Midland Bank in Cleveland, Ohio, with a proposed capital of \$5,000,000 and a surplus of \$1,000,000. As a wide distribution of the stock was desired the subscription books were thrown open to the general public up to March 2, and many small subscriptions as well as large were received from all parts of the country.

It is pointed out in the prospectus that although Cleveland is the fifth city of the United States in population, it has only four banks with a capital and surplus of three million or over. The following comparison with other cities is given:

Number of banks with over \$3,000,000 surplus and capital.

Cleveland	4
Boston	11
St. Louis	7
San Francisco	10
Pittsburgh	13
Philadelphia	18

These figures are taken to indicate that there is a greater opportunity for a large new bank in Cleveland than in any other city of the United States.

The new bank is to open for business about March 25th. It will apply for membership in the Federal Reserve System and the Cleveland Clearing House and will operate under the laws of Ohio. It will be located in the Leader-News building and will have the following departments: general commercial banking, savings, trust, bond and investment, foreign exchange.

Officers and directors are as follows:

Officers—William P. Sharer, president, formerly president First National Bank, Zanesville, O.; Samuel L. McCune, vice-president, formerly National Bank Examiner and Clearing House Examiner; Carl R. Lee, vice-president, formerly first assistant cashier Union Commerce National Bank, Cleveland, O.; Frank A. White, cashier, formerly assistant cashier Union Commerce National Bank, Cleveland, O.; J. Brenner Root, assistant cashier, formerly assistant cashier National City Bank, Cleveland, O.; Emmet W. Sample, assistant cashier, formerly bond department Guardian Savings and Trust Co., Cleveland, O.

Directors—G. D. Adams, president the Cleveland-Akron Bag Co.; W. H. Cowdery, president, The American Fork & Hoe Co.; L. L. Curtis, president, The American Crayon Co., Sandusky, O.; Michael Gallagher, Bituminous Mines Dept., M. A. Han-



How Peabody Service Increases the Value of Coal Property Investments

(One of a Series)

—As Consulting Engineer

Drawing on practical knowledge based on experience, we are often able to recommend changes which increase output or lower cost.

We examine and appraise, prepare plans for opening and developing. At every step our opinions represent the mature judgment of 37 years' success.

Service Based on Ownership Experience

Our complete service in coal property management includes Financing, Operating and Selling—every phase the practical development of our long experience as owners and managers in virtually all important bituminous fields.

Write for Booklet

PEABODY COAL COMPANY

Founded 1883

332 So. Michigan Ave. - CHICAGO

Operating 36 bituminous mines in 11 fields with
annual capacity of 18,000,000 tons

na & Co.; A. W. Henn (auxiliary), president The National Acme Co.; Thos. H. Hogsett, attorney, Tolles, Hogsett, Ginn & Morley; Harry W. Hosford, investment bonds; W. R. Hopkins, president The Belt and Terminal Realty Co.; Jos. C. Hostetler, attorney, Baker, Hostetler & Sidle; S. H. Robbins, president The Youghiogheny & Ohio Coal Company; I. T. Kahn, president The Consolidated Iron & Steel Co.; D. D. Kimmel, president Union Mortgage Co.; Ralph



Directors' Room
The Guaranty Trust Company, Butler, Pa.

The walls are in English Oak with hand carved panels, the furniture of the same material, the hangings of maroon velour, the decoration in subdued polychrome.

Further views of this building and its interior, with any information desired as to the planning and general arrangement, will be gladly furnished upon request.

WEARY AND ALFORD COMPANY

Bank and Office Buildings
1732 South Michigan Boulevard, Chicago

For Correspondent Banks

we will, on request, purchase Prime Commercial Paper and Bank Acceptances and will also handle Bill of Lading items.

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice President
S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

King; W. H. Lamprecht II, vice-president The National Refining Co.; Donald McBride, secretary The Cleveland-Akron Bag Co.; Samuel L. McCune, vice-president; H. C. Osborn, president The American Multi-graph Co.; Alexander Printz, president The Printz-Beiderman Company; Samuel Runner, president The Bailey Co.; William P. Sharer, president; Thos. L. Sidlo, attorney, Baker, Hostetler & Sidlo; Ralph D. Sneath, president Commercial National Bank, Tiffin, Ohio, formerly president Ohio Bankers Association; I. M. Taggart, president Merchants National Bank, Massillon, Ohio; T. H. Towell, president The Cleveland Cadillac Company, Dodge Brothers Motor Cars; Herman J. Trenkamp, The Ohio Foundry Co. and The Trenkamp Stove Co.; Hugh B. Wick, president The Elyria Iron & Steel Co.; C. Zimmerman, treasurer The W. S. Tyler Co.

W. R. HUNTSMAN JOINS GRAVES ORGANIZATION OF GRAND RAPIDS

W. R. Huntsman, for many years associated in the direction of sales with the Collins Service, Philadelphia, Pa., has joined the William Elliott Graves Financial Ad-



W. R. HUNTSMAN

Mr. Huntsman has recently joined the William Elliott Graves Financial Advertising Agency of Grand Rapids, Mich.

vertising Agency of Grand Rapids, Mich.

Mr. Huntsman has been a careful student and analyst of bank development for seven years and will bring a fund of valuable in-



There are two times
when you need an ac-
count with the Commerce

*1st: When you have surplus
funds*

2nd: When you haven't

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000—and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

formation to the Graves Organization which will be undoubtedly very helpful to its many clients.

JAMES McCLEAVE APPOINTED ASSISTANT CASHIER

James McCleave, manager of the credit department of the First National Bank in St. Louis, Mo., has recently been elected assistant cashier.

Mr. McCleave has been in the banking business ever since he became a resident of this country nearly twenty years ago, being employed in various capacities. For a greater part of the time he has been associated with the Third National Bank, and for the past several years as manager of its credit department. When the Third National Bank consolidated with the St. Louis Union and Mechanics-American National Bank as the First National Bank in St. Louis, Mr. McCleave continued in charge of the credit department. He will discontinue active charge of this department as assistant cashier, but will be associated with certain of the bank's vice-presidents in charge of credits. Mr. McCleave was born in Liverpool, England.

UNION TRUST COMPANY OF CLEVELAND APPOINT BOND DEPARTMENT SALES MANAGER

The Union Trust Company, Cleveland, Ohio, has appointed C. B. Lincoln as sales manager of their bond department.

A. H. Scoville, vice-president of the Union Trust Company in charge of the bond department, expressed confidence that Mr. Lincoln's proven ability and wealth of valuable experience will be an important factor in handling the widened scope of activities which this department now exercises.

Utilizing the large resources that the consolidation of six of Cleveland's most prominent banks gives the Union Trust Company, the bond department is broadening its service facilities to banks and private investors.

This department will participate in handling large syndicate issues and originate issues with high-grade security. Both wholesale and retail operations in bonds, notes and preferred stocks will be conducted. The company will hold rigidly to the policy of buying issues outright at all times.

The efforts of the bond department for the greater part will be concentrated in Ohio, western Pennsylvania, New York

State, eastern Indiana and southern Michigan. The department will have facilities for taking care of both private investors and bank business.

Mr. Lincoln's sales experience extends over a period of sixteen years, beginning



C. B. LINCOLN

Sales Manager Bond Department, Union Trust
Company of Cleveland

in 1905. He has been connected with some phase of the bond business for the last ten years, coming to the Union Trust Company from Terry, Briggs and Company of Toledo, Ohio, where he was in charge of the bond department.

MISSISSIPPI VALLEY TRUST COMPANY ELECTS OFFICERS AND DIRECTORS

At its annual elections February 10, the Mississippi Valley Trust Company, St. Louis, Mo., made three additions to its board of directors—Robert A. B. Walsh, Richard T. Shelton and S. H. Curlee. Samuel B. Blair of the company's trust department was promoted to the position of assistant trust officer and James M. Turley was elected auditor of the company.



Out in the Northwest

A BANK with resources
of over \$100,000,000
—the leading financial institution of its section—
the logical clearing point
for business intended for
Twin City territory.

First National Bank

Minneapolis

Capital and Surplus Ten Million Dollars

ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities
generally, receives prompt and careful attention.

STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND
BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us

The three new directors represent prominent and diversified manufacturing industries of St. Louis.

The Mississippi Valley Trust Company's board of directors and official staff as now constituted are as follows:

William Bagnell, president Bagnell Timber Co.; Eugene Benoist; Herbert D. Condie, president Condie-Bray Glass & Paint Co.; Shelby H. Curlee, president Curlee Clothing Co.; Frank W. Edlin, secretary and manager John Deere Plow Co.; J. D. Perry Francis, Francis Bros. & Co.; Breckinridge Jones, president; William G. Lackey, vice-president Marland Refining Co., Ponca City, Okla.; George A. Mahan, Mahan, Smith & Mahan, Hannibal, Mo.; Robert J. O'Reilly, M.D.; Fred C. Orthwein, vice-president William D. Orthwein Grain Co.; William D. Orthwein; Henry W. Peters, vice-president International Shoe Co.; Samuel Plant, vice-president George P. Plant Milling Co.; Henry S. Priest, Boyle & Priest; Charles E. Schaff, receiver M., K. & T. Ry.; Richard T. Shelton, president Shelton Panama Hat Co.; Bradford Shinkle, treasurer Johnson, Stephens & Shinkle Shoe Co.; J. Sheppard Smith, vice-president; R. H. Stockton, president Majestic Manufacturing Co.; Frederick Vierling, vice-president and trust officer; Julius S. Walsh, chairman of the board of directors; Robert A. B. Walsh, vice-president Mississippi Glass Co.; Louis Werner, president Louis Werner Stave Co.; Charles Wiggins, co-trustee Liggett Estate.

MIDWEST RESERVE TRUST COMPANY IN NEW QUARTERS

The Midwest Reserve Trust Company of Kansas City, Mo., has announced the completion of additional quarters, comprising practically the entire Tenth street floor, just

beneath the banking floor proper, off Walnut street, thus giving the bank two floors of the Republic building, Tenth and Walnut, for its patrons. In addition, the transit department, with thirty-five employees, will occupy part of the third floor, with light, convenient and airy quarters.

Patrons may enter from either Walnut or Tenth street entrances, and elevator and stairway connections have been provided between the two floors. The bank has arranged so that one may turn any way on either floor and secure banking service. The bank has suffered from crowding pending remodeling of the lower floor, and following the merger of the Midwest National Bank and Trust Company and the National Reserve Bank, as consummated October 4th, into the Midwest Reserve Trust Company with a capital of two million dollars. The bank has five hundred shareholders.

Mr. Laughlin stated that the two old bank organizations merged into a most congenial and harmonious staff, where magnificent teamwork prevailed. Mr. Laughlin also stated that the big bank had cared for its patrons—city and country—through the readjustment period without calling loans or embarrassing a single deserving patron; and that the recent wheat movement was bringing about a steady and highly satisfactory liquidation of borrowing not only from the country, but that the wheat movement was also reflected in much loan reduction upon the part of city borrowers as well. In fact, our loans have been reduced more than two million dollars since the beginning of the year.

The officers stated that owing to its central location the bank would undertake to build up an immense savings business, diverting virtually the entire Tenth street floor to that part of the business.

Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

LACKING the impetus of general improvement in commodity markets, the Western States made only slow progress the past month in improving financial and commercial conditions. The improvement in the credit situation during the month of February was not at all comparable with that recorded in January, the rate of progress in effecting liquidation, slackening. Still, slight improvement was quite general. The month demonstrated that it is hardly likely that the Western States will enter the new crop season this year with the reserves which their banks ought to possess to be prepared to finance the movement of harvests. In other words, this territory now needs another crop to effect thorough liquidation.

The attitude of producers toward the sale of their crops was a dominant factor in restricting liquidation last summer and last fall, but practically no complaint on this score was heard during February. Organizers of holding campaigns continued to appeal for support and for followers, but without success. This is particularly true of wheat, which, while more than \$1 a bushel lower than at the time of the harvest last year, is still selling at the most satisfactory prices of any crop produced in the Western states. The state of the markets for wheat, corn, livestock, wool, oil, cotton and other commodities is the most serious restrictive influence in the process of liquidation.

Compared with a month ago, prices of the principal crops of the Western states are lower. In the past fortnight demand for live stock improved, with a sharp upturn in cattle and sheep. Early in the month sheep and lambs reached new low levels, declining to the prices which prevailed in 1915 and showing losses of more than 50 per cent. from a year ago. The feeders who sold cattle and sheep early in February failed in many instances to realize the first cost of their stock, so found it necessary to dispose of other property to pay their bank

loans or to demand extensions on a portion of their obligations. Hogs sold well compared with the prices prevailing on corn, but the supplies of these animals are light in this territory. Losses on lambs amounted to as much as \$8 a head to feeders in the first half of February. Prices of both fed cattle and fed sheep are still unprofitable to the feeders who purchased thin animals on the markets of last summer and fall. The reaction in lambs, however, will reduce the losses of Colorado feeders alone by several million dollars if the improvement in prices is maintained.

The brightest phase of the live stock situation is to be found in the weather. The range and farm areas have had one of the

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34 Beekman Street, New York

mildest winters on record. They succeeded in maintaining herds at a minimum of expense and with insignificant mortality. It is already apparent that the crop of calves will be increased this spring as a result of the ideal conditions enjoyed by cow herds. Flockmasters also expect that their ewes will average a heavier lamb crop. At this time a year ago the northern portion of the Western states was suffering from severe weather and disastrous mortality among herds of live stock.

Normally at this season activity is reported in the trade in range cattle in southern range districts for movement to northern pastures in the Western states. The precipitous declines in cattle in recent months and the tightness of money have thus far prevented trading in preparation for summer grazing. Only a small volume of trading is in prospect.

Stagnation continues in horses and mules, for the South has suffered additional declines in cotton and is not in a buying mood. The present generation of horse and mule dealers cannot recall a season in which trade was so dull as in the last few months. Had the demand for cotton improved, it is probable that many small country bank loans would have been paid off in the Western states through resultant sales of horses and mules. This is only an instance of some of the handicaps being experienced in effecting liquidation.

With the spring season at hand, there is renewed interest in wool. The Western states are the country's largest producers of wool. They are still carrying 80 to 85 per cent. of the 1920 clip. Prices on the fleece are so low that sheepmen have lately been called upon to return to their commission houses some of the money advanced to them on consignments of the 1920 fleece. One New Mexico grower recently returned \$75,000 to a commission man on a consign-

ment of 750,000 pounds. One commission house asked small growers for refunds of \$30,000 and received \$150, the money having been spent. Wool trade is so unsatisfactory that banks in the sheep states are unlikely to enjoy any important liquidation from the 1921 clip.

Wheat stands out as the best seller in the grain industry, but prices are moderately lower. Foreign demand was small the past month, but there was heavy buying by export operators to fill old contracts. Flour sales improved materially in domestic channels, while sales for foreign account showed a sharp increase. Millers in Minneapolis and at Kansas City reported foreign buyers eager for flour on long term credits. With facilities for extending such credits, the millers would have succeeded in making enormous sales. Sales of wheat from farms were unusually heavy for this period. Corn accumulated at terminals, owing to the absence of wide outlets excepting in hedging transactions in future pits. Such transactions forced increased borrowing of money by grain dealers at terminals, as the discount of the cash grain under futures made it profitable to store corn against sales of the futures. An easy tone ruled in oats. Montana, Wyoming and Colorado increased hay sales following the recent cut in freight rates, but the failure of carriers east of Missouri River points to reduce their tariffs proved a barrier to shipments and forced a reduction in marketings. Hay prices broke sharply.

Mild weather permitted farmers to make unusual progress in plowing and planting, seeding operations extending as far north as Kansas and Nebraska. The mild weather will help to reduce the expenses of spring farm work, as farm owners themselves will be able to do more planting and seeding without increasing the number of their employees. It is encouraging to note that little

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital	\$1,000,000
Surplus (Earned)	\$1,000,000
Total Resources (Over)	\$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

if any reduction will be made in the acreage devoted to spring crops. Implement distributors report a business hardly 50 per cent. of the volume of a year ago, but this is due to the general spirit of economy, which is forced in many instances, among farmers and to the failure of the implement trade to readjust prices to correspond with the quotations on farm products. The condition of winter wheat in Oklahoma, Kansas and Nebraska improved, being excellent on the whole. Scattered green bug infestations are reported in Oklahoma and Kansas, but these do not appear to be serious.

Industrially and commercially, little change occurred. Crude oil held steady following the sensational break from \$3.50 to \$1.75 a barrel in the mid-Continent field, but refineries continued either idle or only on part time operations. Fuel oil sold as low as 50 cents a barrel, compared with the peak of \$3.50 last October. The wholesale gasoline market was demoralized. Copper, lead, zinc and coal mining interests experienced further depression. Silver mines enjoyed the benefit of the Pittman Act, which gives them an outlet for their production at \$1 an ounce, compared with a price on foreign bar silver around 54 cents

at this writing. Retail trade in cities improved slightly, but rural districts made no increase in buying. Wholesale business continued of a hand-to-mouth character. Further reductions were made in retail prices, but they are still too high compared with the markets for raw products to permit the development of healthy business conditions. For example, wool growers are complaining of low prices and lack of outlets, while thousands of consumers are just as loud in their complaints against the high cost of clothing and rugs. Lumber trade shows slight improvement, but is below normal. There is somewhat more activity in the construction of homes, but other building is quiet.

With the improvement of the first two months of this year, banks are in a more favorable position, but, with few exceptions, a condition of tightness is still reported. North Dakota has had additional bank failures, and scattered failures have occurred in other states. Bankers are finding demand for money not so strong as a few months ago. They have been reducing borrowing at Federal Reserve banks, but the reserve ratios of the latter institutions are still below the average for the Federal Reserve system as a whole.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

SEATTLE AND PORTLAND BANKERS JOIN FOREIGN FINANCING CORPORATION

Two well-known bankers of the Pacific Northwest have been added to the committee on organization of the Foreign Trade Financing Corporation, according to John McHugh, vice-president of the Mechanics & Metals National Bank, and chairman of that committee. They are Joseph A. Swallow, president of the Union National Bank of Seattle, and A. L. Mills, president of the First National Bank of Portland, Ore.

"The inclusion of these gentlemen in the membership of the committee on organization of the Foreign Trade Financing Corporation," said Mr. McHugh, "gives representation to two great states of our Pacific Northwest, in accordance with our policy of making this corporation completely representative of the country as a whole, rather than of sectional interests."

GROWTH OF THE PEOPLE'S BANK, LTD., OF HILO, HAWAII

The People's Bank, Ltd., of Hilo, Hawaii, which opened for business September 1, 1916, with a paid-up capital of \$70,000, today has a capital of \$186,000, surplus and undivided profits of \$33,000, and total resources of over \$2,050,000.

Growth in Deposits

December 31, 1916.....	\$208,165.93
December 31, 1917.....	392,560.18
December 31, 1918.....	663,594.04
December 31, 1919.....	1,050,019.03
December 31, 1920.....	1,782,346.04

The People's Bank has branches in Honokaa, Kealahakua, and Kohala, beside the head office in Hilo. The officers are: William Chalmers, president; P. C. Beamer, vice-president; H. A. Truslow, cashier; Leslie Forrest, T. Matsui, assistant cashiers; M. de F. Spinola, secretary. The directors are: William Chalmers, P. C. Beamer, J. W. Russell, H. A. Truslow, W. H. Greenwell, M. de F. Spinola, T. E. M. Osorio, James Johnston, Y. Hata, W. P. Naquin.

W. V. Lee is assistant cashier at the

Kona Branch; R. W. Smythe, assistant cashier, Kohala Branch; Manuel Baptiste, assistant cashier, Hamakua Branch.

CORONA, CALIFORNIA

Corona, California, is evidently a "live" town. A booklet recently issued by the local Chamber of Commerce contains facts and illustrations that make the reader want to pull up stakes and go there at once. Here are a few facts about Corona:

Population 5000.
50 miles southeast of Los Angeles.
120 miles northeast of San Diego.
15 miles west of Riverside.
35 miles from the Pacific Ocean.
Santa Fe and Pacific Electric Railways.
Passenger, freight and automobile transportation lines.
Two National banks and one Savings bank.
City water system—purest of water.
City Hall, Public Library, five city parks.
Woman's Club House, Country Club.
High, Elementary and Kindergarten schools.
35 miles macadamized streets.
Paid fire department.
3500 acres lemons, 2000 acres oranges.
Nine packing houses.
Two citrus by-products plants.
Various church organizations.
Your favorite lodge.
A Country Club with tennis courts, large dining room and other modern conveniences for the members' enjoyment.
For other information write to the Corona Chamber of Commerce.

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,222,588.03
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Roxor Damon, *2d V-P.* G. G. Fuller, *2d V-P.*
Frank Crawford, *2d V-P.* R. McCorriston, *Cashier*

Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Waialua, *Island of Oahu*; Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THE effect of deflation in Canadian business and the reduction of commercial loans by the banks is indicated in the bank statement for the month of January, which for the first time in many months shows that current credits in Canada have been brought to a lower level than savings deposits. The actual effect of the policy of the banks in curtailing advances for commercial purposes was not seen until after the crop results began to come through. This was because of the unusually heavy advances made to the farmers in western Canada which more than absorbed what was taken from commerce and industry. Actual evidence of the turn of the tide came during October. At that time current loans were \$147,000,000 greater than saving deposits. At the end of January they were about \$50,000,000 less. Following are comparative figures showing changes in the past year:

1920	Current Loans	Savings Deposits
January	\$1,226,962,963	\$1,163,297,037
February	1,257,015,902	1,187,027,307
March	1,322,267,030	1,197,719,570
April	1,347,238,230	1,209,573,990
May	1,349,079,981	1,229,073,575
June	1,365,151,083	1,243,700,977
July	1,377,276,853	1,253,170,443
August	1,385,470,153	1,261,647,732
September	1,417,520,756	1,270,194,097
October	1,405,401,227	1,271,275,751
November	1,357,973,118	1,292,069,008
December	1,301,804,302	1,293,007,488
1921		
January	\$1,264,490,463	\$1,313,093,870

Total assets declined more than \$130,000,000 during the month and were only \$15,000,000 greater than a year ago. In addition to the reduction of current loans, January saw a reduction of \$19,500,000 in call loans abroad, \$23,000,000 in gold reserve, over \$2,000,000 in Canadian call loans and over \$11,000,000 in commercial loans abroad. Holdings of Dominion notes and specie increased about \$11,500,000. Foreign deposits during the month were reduced by more than \$38,000,000 and circulation was cut down by more than \$22,500,000.

The trend of financial developments as

indicated by the statement shows the increasing supply of capital available. The question which next arises is how it can be profitably employed. In this connection there is now legislation before the legislature of Ontario providing for the mortgage companies to increase their powers in regard to the acceptance of deposits. These companies have not been able in recent years to secure funds from Great Britain owing to the high interest rates prevailing there and the unfavorable situation as regards exchange. Therefore, it is argued that if the mortgage companies are to fulfill their function in making loans for home building and to enable agricultural development they must have enlarged funds and that these must be obtained in Canada. The opinion on the part of mortgage company officials is divided on the matter. One faction takes the attitude that the success of the mortgage loaning business depends upon securing a cheap supply of capital abroad. They admit the difficulties of the present situation but contend that they are only temporary and that the old sources of supply will again be opened in the near future—that is unless such legislation as that now proposed makes foreign investors wary of their security. The banks have raised no serious objection to the proposal but the point is made that eventually the activities of the mortgage companies offering four per cent. interest on deposits may have an effect upon the deposits of the banks, forcing up their rates to the public and consequently charges for commercial loans.

Since the province of Manitoba has gone into the banking business to the extent of accepting deposits to finance rural credits, the idea of provincial banks had become popular in Western Canada where politicians have not been averse to fostering the idea that the branch bank system operates to take deposits from the rural centres for the benefit of the big industrial and commercial interests in the cities. Since the collapse of the state bank system in North Dakota, however, there has been a distinct change of feeling towards the idea and less talk of a unit bank system such as has

been presented to the farmers in glowing terms by ex-Governor Leedy of Kansas.

In Alberta Hon. C. R. Mitchell, provincial treasurer, is proposing changes in the co-operative credit act to provide for a better basis of operation as between the local societies and the banks. The government will in all probability endeavor to secure larger advances from the banks by increasing the guarantee of the province. Alberta has decided definitely against the Manitoba idea of taking deposits; the expense incurred is regarded as being out of all proportion to the benefits.

The conclusion that it is impossible to establish a system of short term credits within the province of Saskatchewan has been reached by Hon. C. A. Dunning, provincial treasurer. He suggests that the situation be studied by experts in order to make suggestions as to how the presented banking system can be amended to better meet agricultural requirements. The difficulty in Saskatchewan has been that money is plentiful at one season of the year but when everybody wants to borrow at another season there is a dearth of funds. Mr. Dunning has some criticism of the banking system to offer but points out that it has two strong points in that, in the first place, deposits are well safeguarded and, that in the second, available funds can be quickly moved from one part of the country to another as required. He admits, however, that the failure of his own project was due to the fact that there is not a proper attitude on the part of the public towards government money; his efforts to get money at five per cent. were met by the question as to why loans should be made to the government on that basis when ten to twelve per cent. could be secured from other sources.

The question of rural credits was recently discussed by the United Farmers of New Brunswick but the consensus of opinion was that there was no need for any such experiment in Eastern Canada and that the needs of the farmers were well looked after by the banks.

In Ontario legislation is being considered to provide for rural credits through local societies in which members will be asked to subscribe for stock. The plan goes so far as to provide for the acceptance of deposits by the banks but it is not thought that such a step will be taken and that an effort will be made to co-operate with the banks. Bankers promise reasonable co-operation but the assumption that they thereby endorse the scheme is emphatically repudiated by

officials of the Canadian Bankers Association. Generally speaking the feeling in financial circles is that in Ontario the financial needs of the farmers are well looked after at the present time and that there will be no widespread demand for loans under the new system. It is regarded as significant in connection with this legislation that Ontario at the last election returned a Farmers Party government.

Although the provincial politicians do not make reference to the North Dakota situation, the fact that it is an influence in the waning enthusiasm for public banks is indicated in the opinions expressed by the press. "This is not a time to dabble in visionary banking ventures," warns the Calgary Herald, and the Yorkton Free Press declares that the North Dakota political movement, which brought about such "lamentable and disturbing uncertainties," should go very far toward warning radicals that politics and a country's banking cannot be linked together, as advocates of provincial-owned banking systems propose. The Regina Leader observes "that it is evident that a state government like a private individual must conform to economic laws if it hopes to establish sound institutions." Further comment is offered by the Calgary Herald:

"The experiment was tried in North Dakota and it failed. The people there are worse off now than under the original system. There is no reason to believe that the same experiment would succeed in this country.

"The Canadian banking system has proved strong and dependable. The crisis through which the country is passing at the present time is again demonstrating its stability. There are times when in individual cases it may appear harsh but when firmness and caution are the very qualities needed. Without question Canada would to-day be in a much more precarious position had it not been for the foresight and decisive action of the Canadian banks."

RAISING THEIR TAXES

An agitation to make the banks pay more money into the city treasury at St. John, N. B., has been initiated by City Commissioner Frink. At the last meeting of the city council the commissioner said that as the banks were reporting a prosperous year, the city, which needed more money, ought to increase the taxes on banks, and motion was passed, instructing the mayor to bring down a list of banks doing business in the

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Foreign Department
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TORONTO

Resources over - - - - \$100,000,000.00

city, and the amounts taxed against them last year.

AS TO INTEREST RATES

Canadian banks pay interest at 3 per cent. on monthly savings account balances. With mortgage companies paying 4 per cent. on deposits and government bonds and other securities offering substantially higher returns the question has frequently been discussed as to whether an advance in the rate might be necessary to maintain a sufficient supply of money in the banks to meet the demands for loans at the prevailing low rates of 6 to 7 per cent. However, with continued growth in deposits and contraction in current loans the problem is not so important as it was some months ago. In any event it is urged that an advance in rates would necessarily be reflected in higher rates for commercial credits and the handicapping of business accordingly. The manager of an Ontario branch bank writes as follows to the Financial Post:

Sir: I see no reason why bank interest should be increased. I further think that it would be a detriment in a way to the general public. Of course, as far as actual deposits are concerned it would undoubtedly mean a great deal to the bank, but on the other hand in view of the cost of operating accounts, etc., it will be necessary in order to make up the difference to charge higher rates from the discount end. The borrower would certainly have to pay more for his money, which would mean considerable to some of our large industries and perhaps the farmer. Outside of increased deposits I see no reason why the interest rate should be increased.

FOR TOWN AND COUNTRY

There has always been criticism from the rural communities, particularly in Western Canada, that the Canadian branch bank system operates to the benefit of the manufacturers by taking deposits from the country for commercial loans. Progressive bank managers are doing their best to offset this impression. How this can be done is illustrated by the case of H. F. Rees, manager of the Royal Bank of Canada, at Kelowna, B. C., who has been unanimously elected to the presidency of the Board of Trade for a second term in recognition of his services for the benefit of the agricultural and fruit-growing interests of the district which play such an important part in the town's business prosperity.

At the annual meeting Mr. Rees urged that the Board of Trade evince greater interest in the farmers' problems, giving support to their resolutions and petitions, where possible, thus strengthening the unity which at present exists between this town and the country districts; maintaining that as the farmers prosper so would the business men of Kelowna, and that together they should both work for the advancement of the interests of the Okanagan district.



BANK OF TORONTO

For the year ended November 30, 1920, the report of the directors of the Bank of Toronto shows net profits of \$1,017,371.24, after making full provision for bad and doubtful debts, expenses, interest on deposits

Bank of Bishop & Co., Limited

Established 1858
HONOLULU, T. H.
 Cable Address, "Snomad"
 Capital and Surplus.....\$1,733,590
OLDEST AND LARGEST BANK IN THE
ISLANDS. COMPLETE AROUND THE
ISLANDS. COLLECTION SERVICE.
PROMPT REMITTANCES.

and rebates. The balance at credit of profit and loss from the preceding year was \$793,983.03, making a total available for appropriation of \$1,811,354.27. This was appropriated as follows:

Dividends	\$600,000.00
Reserved for taxes.....	100,000.00
Transferred to officers' pension fund	25,000.00
Written off bank premises.....	100,000.00
Carried forward to next year.....	986,354.27

This bank now has 161 branches in operation, eight new ones having been opened during the year and three closed.

STANDARD BANK OF CANADA

The strong position of the Standard Bank of Canada is strikingly reflected by the annual report for the fiscal year to January 31, 1921.

During the past year there has been a gradual swing back on the part of Canadian banks from the special undertakings assumed during the war for the Dominion Government and municipalities. At the same time there has been an active demand for accommodation from the manufacturers and business organizations of the country.

The situation has been met without impairing the usual strong position of the bank, and liquid assets are equal to 50 per cent. of liabilities to the public, while actual cash on hand is equal to over 20 per cent. of public liabilities.

As a result of the steadily expanding business of the bank, arrangements have been made for larger capital and reserve. With the payments already made, the capital now stands at \$3,802,001, compared with \$3,500,000, and the reserve fund at \$4,800,000, as compared with \$4,500,000.

With the larger capital and reserve at the bank's disposal, there is a substantial gain in net profits, and for the year these amounted to \$780,369, up from \$776,310 in the previous year. Added to the profits for the year was a balance carried forward of \$360,537, while there was received from pre-

mium on new stock \$226,500. These amounts made the total amount available for distribution \$1,371,407. This amount was distributed as follows:

Dividends at the rate of 14% per annum	\$492,720
War tax on note circulation....	35,042
Reserve for Dominion income tax	40,000
Contributed to Officers' Pension Fund	25,000
Written off bank premises account	100,000
Transferred to reserve fund.....	300,000

\$992,763

Leaving a balance to be carried forward of.....\$378,643

The bank's dividend was increased from 13 to 14 per cent. during the year.

CANADA PERMANENT MORTGAGE CORPORATION

The report of the directors of the Canada Permanent Mortgage Corporation for 1920 shows net profits, after deducting interest on borrowed capital, expenses, charges and taxes of \$854,277.30. The balance at the credit of profit and loss at the beginning of the year was \$150,493.28, making available for distribution \$1,004,770.58. This sum was appropriated as follows:

Four quarterly dividends of 2% per cent each on capital stock	\$600,000.00
Transferred to reserve fund....	250,000.00
Balance carried forward.....	154,770.58

The reserve fund now amounts to \$6,000,000, equal to the paid-up capital.

THE DOMINION BANK'S NEW PUBLICATION

"Bank Notes" is the name given to the new house organ of the Dominion Bank, the first issue of which appeared in January. The editors describe its purpose as follows:

"My advent was inevitable. I am a natural development of modern Canadian banking conditions. The branch system has served to extend the bank's ramifications throughout the country and abroad, and this has involved the movement of many members of the staff from one center to another. Business associates and friends are separated, sometimes by great distances, and in time become almost lost to one another. I, the new House-organ, will aim to keep the members better informed, both regarding old associates and with respect to events of general interest within the institution, and I hope will promote esprit de corps."

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

APRIL 1921

VOLUME CII, NO. 4

The New Administration

THE change in the executive control of the Government which took place on March 4 was of unusual interest. In the first place it marked a transfer of power from one party which had been in control for eight years to another that had been out of office for the same period. But of far greater importance is the fact that this recent change marks a restoration of political harmony between the Executive and Legislative departments of the Federal Government and thus breaks the unfortunate deadlock that has existed during the past two years. Whatever may be one's political views, it must be conceded that this deadlock was unfortunate. There will be, of course, divided opinion as to whether the responsibility rested with the President or the Senate.

Not only was the situation confused by this disagreement between the two branches of the Government, but in the last two years the state of Mr. Wilson's health was such as to render impossible the carrying on of the work of the Executive Department with that vigor which the situation clearly demanded.

Putting aside the controversies of the past, the country is surely to be congratulated that it has emerged from the fog which these uncertainties inevitably entailed. And this statement may be made entirely without prejudice or partisan bias.

The new Administration is too young as yet to have revealed its future policies. Indeed, these do not seem to have been definitely marked out during the campaign nor in the inaugural address of the new President. They will be developed no doubt in time as occasion may arise for their application to specific cases.

A good beginning has been made in the cabinet appointments, which if not altogether perfect, certainly represent at least a fair average of ability. It must be remembered that in naming his official advisers the President of the United States does not have quite the free hand that a president of a business corporation has in choosing his associates. The latter may act solely with efficiency in view. While, theoretically, the President of the United States should be similarly guided in making up his cabinet, a little consideration of

the matter will prove that this is not the case. To begin with, the President must bear in mind traditions, geographical limitations, party expediency, and so forth. By the former he is constrained to offer the post of first importance to the leading party chieftain; by the second consideration he is debarred from choosing all his advisers from a single state or from a particular section of the country; the third principle makes it inexpedient for him to name as a cabinet member any man whose appointment would tend to party disruption in states where factional differences exist. In addition to these limitations, the President naturally entertains a feeling of gratitude toward those who were energetic and successful in managing his campaign, nor can he be unmindful of the claims of friendship.

All these circumscribing influences may be traced in the composition of President Harding's cabinet; and, bearing them in mind, it must be admitted that the President has chosen a body of advisers who have, as a whole, the requisite qualifications to give him that assistance he will so much need in administering the affairs of the Government at this critical juncture.

The task before the Administration and before us all is one calling for that helpful co-operation which will assist in the earliest possible restoration of confidence.



Comparative National Financial Losses Due to the War

ONE of the reasons commonly urged in support of the plea that the war debts which other nations owe to the United States ought to be cancelled is that since this country came late into the war, its losses were so much smaller than those of the other belligerents that a cancellation of these debts would be a fair offset to the greater losses incurred by the countries that were longer engaged in the war.

So far as relates to the loss of life, the matter is not debatable, for several of the other countries suffered much more severely in this respect than did the United States. But since the problem involved is financial in character, its consideration may well be confined to this aspect of the case.

In the United States Senate on March 5, Senator Spencer of Missouri presented some figures showing the total financial losses of each of the principal allied participants in the war, which will prove instructive and probably surprising to very many people. He places the total final loss at \$139,702,269,225, divided as follows:

United States	\$41,873,948,225
Great Britain	41,202,634,000
France	38,272,915,000
Italy	15,180,847,000
Belgium	2,474,731,000
China	465,376,000
Japan	231,818,000

This computation is supported by a number of schedules giving in detail the basis for the respective estimates. Senator Spencer concluded his presentation of the matter with this statement:

"Any other items or estimates of these damages will not change the fact that the United States has invested \$670,000,000 more in the World War than any other nation."

If this estimate is correct, we seem to have paid a pretty good sum for our part in bringing the war to a finish. No doubt the chief element of this greater cost to the United States was due to the vast distance over which our troops and supplies had to be carried before reaching the theater of war.

It is true that, in calculating the comparative weight of the war burden upon the various countries, some account must be taken of ability to bear the losses sustained. The wealth of some of the countries concerned when compared with that of the United States will make their losses more oppressive in character, even though the aggregate be much smaller than that sustained by the United States, and if their debts to this country are finally to be cancelled or scaled, this consideration may well be given due weight.

Nevertheless, on the face of the figures as presented by Senator Spencer, it is not easy to make out a case for cancelling any part of the war debt which Europe owes to the United States, provided the strict equities of the matter are followed. There may be sentimental considerations, however, which will count more heavily in favor of the war-worn countries.

Realizing, as all of us do, that ultimately if not at the outset the quarrel became ours, the conclusion can not be escaped that it cost us a vast sum to keep a fire of European origin from spreading to our own dooryard.



German Bonds for Allied Debt to the United States

FROM time to time suggestions have been heard in financial circles that the debts which the Allied governments owe to the United States are to be paid in German bonds. Such proposals hardly seemed entitled to credibility, and the general tend-

ency has been to dismiss them as a part of the large crop of rumors arising out of European financial entanglements. But we now have an official confirmation of this proposal, at least so far as it relates to one of the European governments. In the closing days of the last session of Congress a communication was presented to the Senate by President Wilson, containing a copy of an agreement signed by himself, Mr. Lloyd George and M. Clemenceau, in the following terms:

"The Reparation Clauses of the draft Treaty of Peace with Germany obligate Germany to make reimbursement of all sums which Belgium has borrowed from the Allied and Associated Governments up to November 11, 1918, on account of the violation by Germany of the Treaty of 1839. As evidence of such an obligation Germany is to make a special issue of bonds to be delivered to the Reparation Commission.

"Each of the undersigned will recommend to the appropriate governmental agency of his Government that upon the delivery to the Reparation Commission of such bonds his Government accept an amount thereof, corresponding to the sums which Belgium has borrowed from his Government since the war and up to November 11, 1918, together with interest at 5 per cent. unless already included in such sums, in satisfaction of Belgium's obligation on account of such loans, which obligation of Belgium's shall thereupon be canceled."

In transmitting this agreement to the Senate, President Wilson said:

"The neutrality of Belgium was guaranteed by the Treaty of London of 1839. In considering the reparation to be made by Germany it was agreed that the action of Germany in grossly violating this Treaty by an attack on Belgium, obligated the German Government under international law to repay to Belgium the costs of war. On this principle the Treaty of Versailles (Art. 232) provided that in accordance with Germany's pledges already given as to the complete restoration for Belgium, Germany should undertake, in addition to the compensation for material damage, to make reimbursement of all sums which Belgium had borrowed from the Allied and Associated Governments up to November 11, 1918, together with interest at five per cent. per annum on such sums. This obligation was to be discharged by a special issue of bearer bonds to an equivalent amount payable in gold marks on May 1, 1926, or at the option of the German Government on the 1st of May in any year up to 1926.

"For various reasons the undertaking defined in the above letter was not embodied in the Treaty. Belgium's obligations to the United States for advances made up to the date of the Armistice

amounted to approximately \$171,000,000, and to England and France they amounted, I am informed, to about £164,700,000. In view of the special circumstances in which Belgium became involved in the war and the attitude of this country toward Belgium, it was felt that the United States might well agree to make the same agreement respecting pre-Armistice loans to Belgium as England and France offered to do.

"Advances made by the Treasury to the Belgian Government from the beginning of the war to the Armistice amounted to \$171,780,000. This principal sum, however, includes advances of \$499,400 made to enable the Belgians to pay the interest due November 15, 1917, and \$1,571,468.42 to enable the payment of the interest due May 15, 1918. The interest on the advances has been paid up to April 15, 1919, the interest due from May 15, 1918, to that date having been paid out of the Treasury loans for which the United States holds Belgian obligations, which, however, were made after November 11, 1918, the date of the Armistice. This latter advance would not come within the terms of the Agreement above mentioned. If, therefore, the United States accepts payment of Belgian obligations given before the Armistice by receiving a corresponding amount of German obligations, it would seem that it should receive German obligations amounting to \$171,780,000 with interest from April 15, 1919.

"Although it is understood that England and France will take their share of the German bonds when received by Belgium, I am informed that the Reparation Commission has not as yet finally determined the details of the issuance of the necessary bonds by the German Government. A recommendation at this time that suitable legislative action should be taken may appear somewhat premature, but in view of the approaching termination of my Administration I have brought this matter to your attention, hoping that suitable action may be taken at the appropriate time."

No doubt there will be much division of opinion as to what this "suitable action" should be. It was clearly in Mr. Wilson's mind that the agreement should be ratified by the United States.

Could the matter be decided purely on the ground of consideration for Belgium, there would be no disposition to quibble over the arrangement, for there exists in this country an intense sympathy for Belgium on account of the sufferings which that heroic nation endured on account of its stern resistance of the German invaders. Furthermore, the sum involved is not large enough to cause any very serious concern even though it should never be recovered.

But there is a principle involved which renders this agreement of decided interest to the people of the United States. Should we now agree to take German bonds for what is due us from Belgium, this action may be taken as a precedent when we come to a settle-

ment with the other European governments indebted to us for war loans. If we admit the validity of this form of settlement in all these cases, we may lose some \$10,000,000,000 should the German bonds prove worthless. That is a risk which we ought not to be asked to take.

It is difficult to understand why, if the German bonds are good, they should be passed along to the United States. If they are to be paid according to their tenor, why should not the respective European governments be quite willing to hold them and to apply such part of the payments received on account of them as might be required in payment of their own obligations to the United States?

It may be just as well to remember that these reparations are not due to the United States, but to the several European countries to which they have been awarded by the Reparation Commission, and there seems no good reason why the German bonds should be handed over to this country in settlement of claims which are not ours.

If we admit the principle set forth in Mr. Wilson's agreement with respect to the debt of Belgium, we may find it difficult not to allow our other European debtors to settle in the same way. Therefore Congress should deliberate very carefully before committing the Government to the acceptance of the agreement which Mr. Wilson made.



Proposed Abolition of the Comptroller's Office

IT is understood that the chairman of the Banking and Currency Committee of the House of Representatives will shortly introduce a bill for the abolition of the office of Comptroller of the Currency. The reason for this proposed change lies in the fact that the duties of the Comptroller largely relate to the supervision of the national banks, and that since the enactment of the Federal Reserve Act in 1913 these duties have been transferred to the Federal Reserve Board. Furthermore, it is the purpose of the law in question ultimately to bring about a substitution of Federal Reserve notes for the circulating notes of national banks, so that in time the duties exercised by the Comptroller's Bureau in the supervision of the circulation of national banks will lapse.

For some time a personal controversy has existed between Mr. McFadden, the chairman of the House Committee on Banking and Currency, and John Skelton Williams, until lately Comptroller of the Currency. This controversy arose over certain official acts of Mr. Williams relating to a Pennsylvania bank of which Mr. Mc-

Fadden was president. But in proposing the abolition of the Comptroller's office the main consideration was doubtless that it had ceased to have any really important functions to perform.

Mr. Williams resigned his office as Comptroller on March 2, and has been succeeded by D. R. Crissinger, an Ohio banker. Mr. Williams was originally appointed Comptroller in 1914, and on the expiration of his first term in 1919 was reappointed by President Wilson, but the Senate failed to confirm the later appointment. By making appointments during a recess of the Senate, Mr. Williams was able to hold his office despite lack of confirmation.

It can hardly be said that the apparently unappeasable hunger of Mr. Williams for information regarding the national banks has contributed to his popularity among the officers of those institutions. The purpose in requiring this information sometimes appeared to be other than a desire to assure the safety of banking operations and had about it an air of persecution, or an intention to show that the banks were in some way managing their affairs in a manner that was unjust to the people. The public utterances of Mr. Williams which he was fond of promulgating at frequent intervals were often unnecessarily harsh and vindictive and lent themselves to an interpretation which showed a spirit of hostility toward the banks. Even if his criticisms were made for the purpose of bettering bank management, they were so harshly expressed as to provoke a spirit of strong resentment among the great body of national bankers who were conscious of no purposes but to conduct the operations of their institutions with due regard to safety and the best interests of the public.

But not withstanding the asperities aroused by the acerbity of the late Comptroller's temper, the verdict of history will be, in all probability, that Mr. Williams made an exceptionally efficient and able Comptroller. During his administration the national banks made an exceptionally good record in regard to failures, and as his occupancy of the office was coincident with a very trying period of the country's history, he must be given credit for exercising a vigilant supervision of the operations of the banks and thus helping to keep down the number of failures.

The possibility of an early abolition of the Comptroller's Bureau lends interest to the appointment of the first officer to whom fell the lot of organizing it. This was Hugh McCulloch. How he was appointed to this office is thus related in "Men and Measures of Half a Century":

"In 1862 I went to Washington to oppose the passage of the bill to establish a national banking system, which, if it passed, might be greatly prejudicial to the state banks, of one of the largest of which I was president. In March, 1863, I was again in Washington. I had left home with my wife to be absent for a couple of

weeks on a pleasure trip. I had been a hard worker without intermission for a quarter of a century, and so we decided that we would make a flying visit to the Eastern cities, letting no one at home know where letters would reach us, in order that we might enjoy a few genuine holidays. In the afternoon of the day before we left Washington, we went through the Treasury Department. As I had no business to transact, and was not acquainted with Secretary Chase, I did not feel at liberty to call upon him, but as we passed by the door of his room, I handed my card to his messenger. The next morning we were on our way to Baltimore, where we spent a day very pleasantly. Thence we went to Philadelphia, New York and Plattsburg, where we had been married twenty-five years before, and were at home again within the time fixed for our return. Here, to my surprise, I found a number of telegrams, some of which had followed me from place to place, requesting me to return to Washington, and a letter from Mr. Chase, offering to me the position of Comptroller of the Currency, and expressing an earnest wish that I should accept it. My opinion in regard to the establishment of a national banking system underwent a change after the bill which I had opposed had been amended and become a law. It had become quite certain that the war was not to be brought to an early close, and that the expense of prosecuting it, already largely exceeding its anticipated cost when hostilities were commenced, must be enormously increased before it was ended. It was also equally certain that the notes of the state banks, imperfectly secured as most of them were, could not be safely received in the collection of the public revenues. I had therefore been forced to the conclusion that banks with a perfectly secured circulation, which would be current throughout the Union, were an absolute necessity, and a careful examination of the Bank Act had satisfied me that this necessity had been met by it. But I was president of a bank which I knew was sound to the core, and in whose welfare I was deeply interested. The offer of Mr. Chase was, therefore, not only unexpected, but embarrassing. I was wedded to the bank which I had worked hard to place in a perfectly solvent condition. I could not resign the presidency of it without severing very agreeable official relations, nor without considerable pecuniary loss, and I had no desire to go to Washington. On the other hand, I had been forced to admit that there was a necessity for a national banking system, and I felt that the Government had a right to any services that I might be able to render in the tremendous struggle in which it was engaged. Being thus in a strait, I did what all men who have sensible wives ought to do when important questions are to be considered and acted upon—I consulted my wife. The conclusion was that I should resign the presidency of the bank, and go to Washington to organize the National Currency Bureau, with the understanding, however, that

I should remain in Washington no longer than might be necessary to give the new banking system a successful start. As soon as this conclusion was reached, I informed Mr. Chase that I would accept the office which he had so kindly tendered to me. This done, I called a special meeting of the board of directors of the Bank of the State, according to the requirements of its by-laws, at which, not without feelings of deep regret on my part, and, as I had good reasons to think, on the part of the directors also, I resigned the presidency, and in a few days I was in Washington. My successor as president of the Bank of the State was George W. Rathbone, a gentleman of sound judgment and great aptitude for business, who held the office until the bank went into liquidation, and the branches were reorganized under the national banking system.

"My interview with Mr. Chase, on my arrival at Washington, was very pleasant. I was most favorably impressed by his appearance, and by the clearness and directness with which he expressed his views upon the financial condition of the country, and the necessity of a paper currency, other than the United States notes, of undoubted solvency. He spoke of the national banking system as a measure of his own, in the success of which he felt a very deep interest. As the interview was about to close, I said to him that I had but one request to make, which was, that as I was to be responsible for the proper organization and management of the bureau, which might become a very important one, I should have the selection of my clerks. To this he readily assented. 'Manage,' said he, 'the bureau in your own way; when you need clerks, and as you need them, send their names to me and they will be appointed.' This understanding was fully carried out. In no instance while I was Comptroller was an appointment made for the bureau which was not at my request."

Mr. McCulloch organized the Comptroller's Bureau, and became distinguished in his position as one of the ablest men who have ever filled the office. He was later twice Secretary of the Treasury.

Whether the Comptroller's Bureau ought to be abolished or not is at least a debatable question. At present its functions are somewhat overlapped by the supervisory powers over national banks which the Federal Reserve Act confers upon the Federal Reserve Board, although there seems no good reason why the Board might not make use of the Comptroller's Bureau as the instrumentality through which to exercise its supervisory control over the national banks. It is also at least problematical whether the new form of supervision will be as effectual as that so long exercised by the Comptroller of the Currency. Nor can we be sure, in the light of the limited experience now available, whether or not the supervisory powers conferred upon the Federal Reserve Board should be allowed to continue unchanged.

The Bureau of the Comptroller of the Currency has come to be regarded as of especial value on account of the close relations it has long sustained toward the national banks of the country. Probably a consolidation of some of its powers and duties with those exercised by the Federal Reserve Board might be a more advisable course than to abolish this important Treasury bureau altogether.



Depressions and Their Lessons

BANKERS who find some of their dealers in deep water because of the existing depression express surprise that the lessons of previous crises have not been taken more to heart. This is the view of older bankers especially who have gone through a number of like experiences.

While the complaint is natural enough, it is doubtful whether it is really justified. The merchant or manufacturer who unduly expands his operations in times of prosperity is but following a human bent after all. To offer successful resistance to the general propensity to boost things in such times argues a greater degree of discrimination than ordinary mortals possess. When there is a seemingly endless demand for goods, with but little regard for price, it takes an almost superhuman wisdom to offer successful resistance to the lure of huge profits which such a situation affords.

The incentives to undue expansion are strong enough in all seasons of exceptional prosperity, but during seasons of war excitement they are substantially irresistible. It therefore can hardly be a matter of very great surprise that in the course of a war of unparalleled magnitude many business concerns should expand beyond the limits of their strength.

The lessons of experience are soon forgot, and the teachings of history ignored. Were it not so the wisdom of mankind would soon approach a degree of priggishness that would probably render life upon the earth intolerable.

To the older bankers some of the over-ambitious business men of the times seem to have the headiness commonly attributed to youth and inexperience. Counsel them against too much expansion, and they will laugh at your fears, ascribing them to the misgivings of old men who do not realize that things have changed since their day.

But despite these changes many influences seem to work as they have almost from times immemorial. Prices go up and then down; everybody wants to buy, and then nobody wants to buy; banks lend willingly, and then lend unwillingly or not at all. The manufacturer who has expanded his plant for temporary requirements

far beyond ordinary demands and used his credit in so doing, or who produces too heavily at high costs; and the merchant who adds too much to his stock when prices are at the top, borrowing largely in order to do so—these conditions invariably spell discomfort if not disaster when the inevitable turn comes.

There are plenty of bankers who sought to impress this lesson upon their dealers long before the present depression appeared, for they had lived through other periods of great industrial and commercial activity, and believed that what had happened before would happen again; but these cautious bankers usually found that their admonitions fell on unwilling ears. If denied credit at one bank, the ambitious manufacturer and merchant usually found it at another. Not infrequently he has realized that the counsel of his own bank was sound, and now regrets that it was not followed.

Perhaps the undue expansion of enterprise in seasons of prosperity is as much due to the over-optimism of some bankers as of those who are seeking credit. Although reputed to possess cooler judgment than the average man, the banker does not always find it possible to stem the tide flowing so strongly and steadily in the direction of prosperity.

No doubt the experiences of these troubled days are serving to draw the bankers and their dealers into still closer relations with each other. Even where bankers have counselled strongly against a policy of undue expansion, they are not as a rule disposed to be harsh with those who disregarded their advice. The spirit of co-operation which the banks have always manifested may be counted on now as heretofore as one of the principal elements tending to lead the business enterprises of the country back into safer paths.



State Restrictions Against Foreign Banks

FOR many years THE BANKERS MAGAZINE has been urging that the restrictive provisions which the laws of New York and other states throw about foreign banks should be relaxed. This view has rested upon the belief that a more liberal policy would not only be of advantage to the foreign banks but would further our own financial and commercial interests as well.

It seems that the states where these restrictive laws prevail are reluctant to relax them. Either they are fearful that by doing so they would endanger the institutions chartered under the state laws, or else they are not sufficiently alive to the injuries to our trade which these restrictions entail.

The difficulties which foreign banks encounter when seeking to

establish their institutions here were thus referred to in a recent interview with Mr. Aristide Blank, a Roumanian banker, as published in "The New York Times":

"It seems impossible for foreigners to make an American bank here. It is so difficult to obtain the necessary charter, to satisfy the many requirements, that one feels like giving up. It is hard even for a foreign branch to get the charter. And then a foreign branch has so many restrictions that it can do very little, only foreign exchange and a few minor banking functions, according to the law in New York State. The most vital banking functions—receiving deposits and granting discounts—are not allowed. Of course it is natural for the United States to favor its own enterprises, but then an American has so many natural advantages in his own country that it seems hardly necessary to add these protections so detrimental to the outsider.

"In France, for instance, it is easy to open a bank. All one has to do is to get a flat, put in the equipment, and open the bank. American bankers can go to France and carry on all kinds of banking. There is only one restriction and that has been imposed since the war. It is necessary to give the *Inspecteur de la Commission des Changes* the privilege of seeing that no French money has been sent out of the country without his approval, which is easily obtained for necessary imports, such as cotton, but might be withheld for luxuries or French products, such as champagne."

Mr. Blank expressed the belief that foreign countries would not retaliate by shutting out branches of our banks or by closely limiting their operations. As a matter of fact, however, several countries have either done this already or are threatening to do so, and this course has been followed as a direct result of our own restrictive policy.

Since the states seem indisposed to grant the necessary relief, it would seem that the matter should be taken in hand by Congress. Certainly, in a question so vitally affecting the manufacturing, commercial and financial interests of the entire country, the short-sighted policy of a few states should no longer be permitted to operate to the detriment of the general welfare.

By recent Federal legislation the national banks of the United States, on complying with certain prescribed conditions, have been authorized to establish foreign branches and a number of such branches have already been set up in various countries. In addition Congress has authorized the national banks to invest in the capital of banks formed under state laws for the purpose of entering the foreign field, and several such corporations have been formed. Besides, under the Edge Law foreign banking and financing corporations, which may be owned in part or in whole by existing banks, have been authorized, and such corporations are being organized



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ANDREW W. MELLON

The New Secretary of the Treasury

Mr. Mellon resigned the presidency of the Mellon National Bank of Pittsburgh, Pa., to accept the appointment of Secretary of the Treasury in President Harding's cabinet. He is well known in financial circles, having served as vice-president and director with various banks and corporations, among which were the Union Trust Company of Pittsburgh, and the National Bank of Commerce of New York.



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D. R. CRISSINGER

The New Comptroller of the Currency

Mr. Crissinger was nominated by President Harding to be Comptroller of the Currency, succeeding John Skelton Williams. He is a lawyer, and president of the National City Bank and Trust Company of Marion, Ohio. The appointment is based upon President Harding's acquaintance with his qualifications through association with him in Marion banking and business enterprises.

with the expectation of being of great service to our foreign trade.

The restrictive laws of the states with respect to foreign banks tend to nullify the more liberal policy which the Federal Government has inaugurated, and it would seem that the time is now at hand when the interests of the many should be considered paramount to the narrow and selfish attitude of the few.



The Foreign Department of a Bank

By Robert B. Menapace¹

THE most effective way to demonstrate how indispensable banking service is in foreign trade is to tell what the foreign departments of banks are doing now for exporters and importers. Only a small fraction of the total number of banks in the United States maintain foreign departments, and these are the larger institutions in the seaports and the principal inland cities. However, the demands of many smaller communities are making it necessary for the average sized banks to consider the establishing of departments devoted to the needs of the rapidly growing number of exporting and importing firms who are their customers. The aim of this paper will be to point out the services which such departments may offer to manufacturers and traders engaged in foreign business and the help which the banks can give to those who are contemplating entering the foreign field.

The president of one of the largest trust companies in the United States has said that England and Germany had built up their great foreign trade on the basis of six months' credits, and that the United States must meet that competition by extending similar credits. It is certain that the practice of demanding cash payments from the foreign buyer, and the open book account system, are equally detrimental to foreign trade development. The for-

mer is unsatisfactory to the foreigner; the latter to the American exporter. Bank credit in the different forms it takes must bridge the gap between the sellers and buyers who are so far apart, separated by boundaries of countries, by the barriers of distance and the differences of customs, laws and commercial practice. The bank with foreign branches or foreign banking affiliations is adapted to bear the burden of bridging these distances.

The changes in the American banking system in the past five or six years have cleared the way for international expansion on the part of our banks. The Federal Reserve Board in permitting acceptance of drafts by National banks up to one hundred per cent. of their capital and surplus, and similar regulations of the state banking laws of the various states have made a widespread use of the granting of acceptance credit by banks. The rediscounting privilege of the Federal Reserve banks with preferential rates in favor of prime bank acceptances and the consequent development of an international discount market in our financial centers have removed the greatest obstacle to foreign banking. Recently the Edge Act has made it possible for National banks to participate as stockholders in

¹This article by Mr. Menapace received honorable mention in the contest recently conducted by THE BANKERS MAGAZINE.

foreign banking corporations. These progressive improvements in our banking structure have enabled the banks to keep pace with the enormous increase of foreign trade. As a consequence the forms of available foreign banking service have multiplied. These services may be briefly classified as follows:

- (a) the furnishing of trade and credit information on foreign and domestic markets to American and foreign firms;
- (b) the financing of imports and exports by import and export letters of credit;
- (c) the advancing of loans on goods stored in warehouses intended for shipment abroad;
- (d) the buying and selling of exchange;
- (e) the executing of collections, both for domestic and foreign clients;
- (f) the selling of shipments of goods abroad on consignment.

These are the activities of the foreign department which have a bearing on business primarily. There are other functions which it performs for travelers, for individuals, for investors, and for the bank itself. But we shall consider only those mentioned. In describing the various operations it will be our object to show their relation to the business man engaged in foreign trade, and to explain without too many details how they are performed by the bank.

FOREIGN TRADE AND CREDIT INFORMATION SECTION

This section of the foreign department collects data on industries, manufactures and products throughout the world. It gathers information relating to transportation lines, freight rates, marine insurance, tariff duties and all the technical details of exporting and importing goods; such as, instructions for entering goods at the customs houses, loading, preparation of documents, warehousing, routing of shipments, packing for export and the multitude of other essential things the in-

quiring merchant will want to know. In addition, lists of foreign buyers and their credit ratings are constantly being compiled. The latest trade news is received and put at the disposal of the trader. This information in pamphlets, maps, periodicals, correspondence, newspapers, government publications, together with the standard books of reference, constitutes the trade library. It is carefully indexed and tabulated so as to be readily at hand.

The sources of the trade library are: the foreign trade bureaus of American banks already established; foreign and domestic houses engaged in foreign trade; the Bureau of Foreign and Domestic Commerce and the State Department's publications; foreign periodicals and trade papers; exporting literature of the various exporting intelligence institutions, and miscellaneous works on international law, history, geography, international trade, commercial treaties, tariffs, ocean and railway transportation, foreign banking, foreign exchange and commerce.

Closely allied with the trade information is the data relating to the credit responsibility of foreign firms. Financial statements, opinions of banks and the trade, news clippings and correspondence bearing on the standing of foreign business institutions are filed in folders. Each foreign name has a folder for all the data relating to it, and the folders are filed by countries.

The sources of credit information are: mercantile agencies (the principal American agencies have already established branches in most centers abroad); foreign banks and their branches in this country; American banks with foreign credit departments; organizations such as the American Manufacturers' Export Association and the National Association of Credit Men; foreign trade papers, journals, etc.

The building up of the trade and credit information services should keep pace with the requirements of the community. The local conditions will dictate the amount of attention to be devoted to the various kinds of matter to be collected. The aim should be to

give accurate and complete data so that the inexperienced merchant may have full confidence in risking capital in the new enterprises he undertakes, based on the bank's advice. The bringing together of buyers and sellers and facilitating and expediting transactions between them are the functions of the bank. As the intermediary, it supplies the contact with foreign markets and the knowledge of foreign conditions which the average trader can secure otherwise only by very expensive personal representation. And even as compared with personal representation abroad the bank's service is, by nature of its superior facilities, more complete and more reliable.

The service of the trade and credit information section works both ways, of course. That is, it is available for foreign inquirers who wish to know about markets, buyers, sellers, the standing of firms or any other related information pertaining to this country.

Besides instructing and advising merchants on the subjects in which they are interested, and furnishing them with detailed credit data on names with which they are concerned, the bank should by means of publications of its own spread all the knowledge it can among those who are not yet interested in foreign trade. This feature of the work is especially valuable in aiding the development of new business.

FINANCING IMPORTS AND EXPORTS BY LETTERS OF CREDIT

Without defining and describing those familiar instruments known as letters of credit, it may help to outline the operation of an important letter of credit, and to give the origin and use of the export letter of credit.

An import letter of credit arises from a contract between the bank and the importer whereby the bank agrees to accept drafts drawn upon it by an exporter abroad for goods which the exporter ships to the importer. Conditions are imposed which stipulate the amount of money within which the total of the drafts must be kept, the time limit within which the transactions must

be accomplished, the time the drafts are to run, the amount and quality of the goods to be shipped and their prices, and the documents to accompany the drafts. Other conditions may be included, but these are the typical ones. The importer agrees to place the funds in payment for the drafts drawn under the letter of credit in the bank's possession at least one day before the maturity of the drafts. For this service he agrees to pay an acceptance commission.

The drafts, after they are accepted by the bank which granted the acceptance credit, are either put on the market for sale, or they are kept until maturity by the correspondents of the bank abroad which handled them for the foreign exporter. The credit of the accepting bank makes the acceptances readily negotiable. It is this credit which the bank lends to the importer. The bank may or may not be secured for the lending of its credit. If the importer's responsibility is not satisfactory to the bank, it will require him to keep title of the goods in its possession by warehouse receipts, trust receipts or other similar instrument. By this means the importer may keep the requisite security with the bank, and at the same time have the opportunity to engage freely in selling the imported goods.

In financing exports the process is the reverse. The letter of credit is an import letter of credit emanating from a foreign bank, and the local bank acts as its correspondent in this country in extending the terms of the letter to the exporter here. In this case it is customary to provide that the local bank accept the drafts drawn by the exporter. The foreign bank agrees to provide the funds before the maturity in accordance with its own terms made with the importer abroad. Here again the local bank grants its credit, this time to the foreign importer, through the foreign bank. The acceptance of the exporter's drafts by the bank makes them readily negotiable. Therein lies the lending indirectly of credit to the exporter, for without this arrangement the exporter would have to pledge his credit in order

to finance the transaction. By the method just explained the exporter secures payment for the goods shipped at once.

There are, of course, many modifications of the above form which the letter of credit may take. This is a wide subject and might be treated in many volumes by itself. The banker who does not have examples of the various instruments may easily procure them from those banks which use them.

The next thing to consider is the organization which the bank will provide for handling letters of credit. Since the import letter is in effect a loan, the bank must be fully informed by its credit department as to the standing of the borrower. This is to determine whether the credit is to be secured or unsecured. Having made the agreement with the applicant, the next step is to mail or wire the terms to the correspondent bank in the foreign locality where the beneficiary—the exporter—is situated. The agreement and copies of the letter are kept on file. The terms are entered in a special book under the name of the borrower, with space for entering all drawings against the letter, and payments to the credit of the borrower. An acceptance ledger is kept to record the bank's acceptances with all the pertinent details. A diary is run to register the maturity of the drafts accepted. A "position" sheet is constantly run from day to day giving the total outstanding acceptance liability of the bank—this is kept up-to-date by modifying it each day in accordance with the day's transactions.

For export credit, a folder is kept under the name of each beneficiary, that is, each exporter for whose favor the bank has received a letter of credit from abroad. A copy of the cable or letter from the foreign bank is filed here. Space is provided for recording all payments to the beneficiary, or all acceptances made. Another book contains the accounts of the foreign banks which have sent in letters, with appropriate provision for entering all transactions involved in the accounts.

These are the principal records of

the export and import credit sections. Other adjuncts and minor bookkeeping details will suggest themselves at once to the banker trained in domestic loans. It is of the highest importance in the work of these sections to examine carefully the documents accompanying the drafts which come in, to see that they comply explicitly with the terms of the original letters. The expiration time and the conditions regarding the quality of goods, quantities and prices, etc., also require minute scrutinizing and the bank should be covered in these matters by proper certificates of authorized agencies.

ADVANCES ON GOODS STORED IN WAREHOUSES

The warehouse receipt representing staple goods of ready marketability stored in approved warehouses is the basis of many loans by banks, even those not in the foreign banking business. The warehouse receipt is first-class security. Its value lies in the fact that it gives title to the goods stored in the warehouse. The banker uses his judgment on what kinds and what quantities of goods he will take as security. The chief considerations are the market value and possible fluctuations in price and the salability of the merchandise or raw products. These factors will determine the margin of the loan to be granted.

The bookkeeping and recording of such loans is similar to that of the loan on stock collateral. It is therefore unnecessary to go further into that feature of this sub-division of the foreign department.

The advantage of these loans to the business man is that they free his capital for use in other enterprises. With his money tied up in the goods stored idle in a warehouse, the merchant is often seriously hindered from activity which he is otherwise enabled to engage in by the help of the bank.

BUYING AND SELLING EXCHANGE

In dealing in bills of exchange the bank serves as the intermediary in set-

ting the obligations between creditors in one country and debtors in another. The bills of exchange and the other credit instruments that represent money are the means of paying debts just as checks serve in domestic business. The bank has facilities which business men do not possess. These are its affiliations in foreign countries. By buying drafts and other instruments payable in other countries it creates deposits in banks in these countries. It is then in a position to sell drafts on these balances payable at the banks where the deposits exist. This is in fundamental principles the theory of foreign exchange.

Rates of exchange fluctuate according to economic laws. The preponderance of exports over imports from one country to another, or the reverse condition, have direct effects on the rates at which banks will convert dollars into foreign currency or vice versa. Other factors contribute to the making of exchange rates, such as the intangible exports—sales of securities between countries, expenses of travelers, freight and insurance expenditures, etc.

Exchange involves the currencies of two countries. When it is low on one, it is high on the other. The mint par of exchange represents the equivalents of the two currencies expressed in its standard units in gold of like quality. The variations of the actual exchange rates on the mint par of exchange are the collective results of the expenses of shipping gold from one country to another, the restrictions on such shipments, the supply of gold, the supply and demand of bills payable in the two countries, and other related forces. Exchange is favorable to a country when that country receives bullion from a debtor country; and is unfavorable when that country is obliged to send bullion to another country to liquidate its indebtedness.

For individuals, the debtor is the one to whom the terms favorable or unfavorable apply. They must pay the bills of exchange to send to their creditors, and to them the paramount question is how much foreign currency they will

get for the home currency they offer to the bank.

Exchange charges are not fixed by bankers. Rates are cabled to New York from all the important centers every day. The quotations are separated into three principal classes: demand, cables and time bills. Demand means drafts payable on sight; cable means payment made immediately upon receipt of the telegraphic advice by the paying bank; time bills are divided into two classes, bankers and commercial, and run from 30 to 90 days, in the usual case.

The cable remittance commands the highest price, because of its being the quickest possible form of payment. The demand draft being next in point of time consumed before payment, is next highest in price. By "price" is meant the amount in dollars required to secure a given number of units of foreign currency. The time drafts vary in price as the length of time for which they have to run. The reason a cable costs more than a demand draft is because a bank selling the cable is obliged to pay the proceeds in foreign currency out of its foreign deposit account in shorter time. It is willing to accept a lower price for the demand draft for the reason that the money received for the draft remains longer in its possession, the gain in interest therefore compensating for the difference in price.

The "trader" is the all-important personage in the buying and selling of exchange in the bank. The prudent trader takes no more chances than are necessary. He keeps himself hedged as closely as possible, buying and selling at the same time. He is aided in this by the position reports kept by the personnel of the exchange bought and exchange sold sections. By means of this statement he is kept informed as closely up-to-date as possible of the balances existing in the various banks abroad in the favor of his bank, and he sells against these balances. It is therefore necessary to keep close track of the transactions as they are executed, and to keep the statement in most recent standing by modifying it as new pur-

chases and sales of exchange are made.

Good wire connections and a fast, accurate staff are essential for efficient work in foreign exchange. Close attention to market conditions is primarily necessary, as the successful trader is the one who can buy at the lowest possible price and sell at the highest prevailing price. The mechanics of the work are chiefly the recording of the purchases on "bought sheets" which serve as the basis of subsequent entries, the examination of the instruments bought, their preparation for shipment abroad, the advising of the correspondent abroad to whom the drafts and other instruments are sent for collection, the instructions how to credit the proceeds, and the necessary crediting of our "nostro" account with the correspondent. In the case of the exchange sold the "sold sheet" also is made at the beginning, with the dollar and foreign rates and amounts, and from this statement the drafts, original and duplicate are made out, the drawee abroad is advised, the ledger entries are made, etc.

Without banks and bankers and their foreign affiliations a broad exchange market would of course be out of the question. The negotiability of bills of exchange and kindred instruments is an enormous advantage to the international merchant. In effect the banks are bridging over the seas with their credit by their dealing in foreign exchange. The extreme facility with which the merchant can buy and sell exchange will appeal to him more if he gives a moment's reflection to the difficulties that would lie in his path if there were no elaborately built system of exchange dealings between the banks of different countries.

In writing of foreign exchange it is necessary to include dealings in "futures." Briefly, buying and selling futures conforms to the dealings in the other forms of exchange. The selling of a future by a bank is simply a contract between it and the buyer, by which the bank agrees to sell at some future stated time, at a fixed rate, a certain designated amount of exchange on a

named country. In purchasing a future the bank and the seller contract for the seller to deliver to the bank at some future stipulated time, a definite amount of foreign exchange, at a certain rate. In these dealings the policy of the trader is likewise one of keeping himself hedged; that is, of buying and selling simultaneously. The recording and bookkeeping of these operations is merely a modification of the system just explained above, with the time element added.

COLLECTIONS, DOMESTIC AND FOREIGN

Collection service is of value chiefly to the trader who draws his drafts directly on the buyer abroad, and who presents the drafts to the bank for collection. Such drafts may be "clean" or accompanied by documents representing the goods shipped, which documents in this case would be handed over to the foreign importer only on payment (or acceptance) of the drafts. Other items turned over to a bank for collection might be coupons, maturing bonds, etc. The bank with foreign connections is alone fitted to perform such collection service. The merchant can have implicit trust that his instructions will be fully carried out, since the bank regards itself as the agent of the customer, and it will not take any chances. For collecting the banks, both local and foreign, charge commission in the usual case. If the credit of the customer is good, the bank may advance part of the proceeds of the drafts as a loan.

The chief requisite for foreign collections is to have reliable connections abroad. The items received are carefully scrutinized for negotiability and for their compliance with the instructions of the customer, and then they are separated into the usual original and duplicate sets for mailing abroad. An advice to the foreign bank, listing the items, and giving the instructions for collection, accompanies each set mailed. Upon receipt of the letter from the collecting bank stating that the proceeds have been received the proper credit is given to the customer.

The local bank acts in the capacity of

collecting agent for items received from its foreign correspondents, payable in this country. In securing the funds on these drafts, or other instruments, it proceeds in the same manner as for any domestic collections it may make.

The records of the collection department are designed to register under each customer the items received for collection from him; and under the name of each correspondent bank, the items sent to that bank. A good plan is to make the collection advices in duplicate or triplicate sets in such a way as to leave copies for filing under the head of the customers and under the serial collection numbers. The other details of the operations of collection coincide with the usual domestic practice.

SELLING ON CONSIGNMENT

An exporter may ship a quantity of goods to a foreign city in the care of a bank, with the request that the bank sell them in the market for the best price. It is seen that the exporter has no order for the merchandise or raw product he has shipped. The bank's responsibility lies in its moral obligation to act for the exporter's best interests.

In the usual case this arrangement results in a profitable transaction for the exporter, enabling him to take quick advantage of the immediate needs in a certain market, without losing time securing orders. The bank's commission for the service is not heavy, and in the end the exporter finds the arrangement economical.

For such selling it is the usual practice to engage the help of commercial brokers in the foreign city. It requires knowledge of the trade conditions on the part of the bank, and its branch or correspondent abroad.

From the above description of the various principal facilities of the bank's foreign department it is evident that the chief stress has been laid on the work of the bank for the bus-

iness man engaged in foreign trade. To the banker organizing a foreign department the account is of value primarily in indicating how to explain his services to the prospective customer for his foreign department, and secondarily in suggesting the outlines of the manner of operating in the various subdivisions of the department.

Not all of the functions will be required of the bank of average proportion but it will be necessary for him to know the possibilities of foreign banking, since the different subdivisions are often correlated. By careful study of all the accessible information on foreign banking the banker in the middle sized city will fit himself to be able to handle the business as it comes, after he has, by propaganda and education, stimulated business men to enter the foreign field.

In the beginning he should educate business for foreign trade, and then by efficient banking service demonstrate that the bank is the right hand instrument of the foreign trader, to help him secure business abroad and to finance and facilitate the carrying on of the business he obtains.

In selecting personnel, the qualities to be sought for in addition to the knowledge of the operations and instruments touched upon in the exposition of the work of the department, the banker should look for men who have either travelled abroad, or those whose experience and education have made them capable of understanding the practices, customs and usages of foreign countries and their commercial and banking institutions. Other perquisites that make men good foreign bankers are knowledge of foreign languages, and foreign correspondence—though these attributes are not absolutely necessary, of course. Experience has shown that the efficient banking man of tried capabilities may be transformed into a foreign banker by putting him through a period of training, and then giving him the practical handling of foreign work.





Bringing in pure bred live stock is an important project on the bank agricultural program. Here are 150 Cotswold bucks imported by the First National Bank of Bend and distributed among the farmers of central Oregon

The Country Bank's Agricultural Program

By R. A. Ward

Vice-President First National Bank, Bend, Oregon

ADOPTING an agricultural program is the first step confronting the bank agricultural department after its inauguration. What this program shall consist of is determined to some extent by the agricultural nature of the territory which the bank serves. The agriculturist in charge of the department, if he is thoroughly familiar with the farming practices of his community, as he should be, will have no difficulty in making a comprehensive program on which he may work for several years if he chooses.

There are a number of ways to go about deciding what shall constitute the program of work. One very safe method is to first take an agricultural survey of the local community. This is a big job in itself and will require considerable time before it assumes the semblance of anything like a representative survey of the farms of the community. The work entailed is eminently worth while as every bank will find such a survey of inestimable value in the intelligent extension of farm

credit. Each farm survey statement treats of each individual farm unit. Among other information it gives the name and address of the farmer, the size of the farm, location, improvements, kind of farming practiced; number, value, breed and age of the horses, cows, hogs and sheep owned; a complete list of the farm machinery; a description of the farming operations showing the acreage in the various crops; whether the farm is neatly or slovenly kept; what the yearly income amounts to; if records are kept; and what operations should be modified or adopted in order to increase the annual returns from the farm. This information can be obtained from personal visits and from special letters of request, though the latter are not nearly as successful as the personal interview. One bank adopted the rather unique plan of securing this information through a guessing contest which it held. It offered a pure bred bull to the farmer guessing the animal's correct weight. One of the provisions of making a guess re-

Name	Address
Size of Farm	Location
Kind of Farming	
Improvements	
Description of cattle owned	
.....	
Farm Machinery	
.....	
Condition of Farm	Annual Return
Recommendations	
.....	

Records like this of every farm in the county help the bank agriculturist to get a line on the needs of his bank's clients

quired the farmer to fill out a blank form containing practically all of the credit information mentioned above. This plan was successfully worked several times and on each occasion the value of the information secured far surpassed the cost of the bulls distributed.

When the agricultural department has a fairly complete survey of the farms of the community served by the bank, an examination of the data will disclose many farm practices which can be changed to the benefit of the farmer. These proposed changes form the basis for the bank's agricultural program.

Perhaps the survey shows a lack of sufficient silos in the territory. This at once suggests that a silo campaign may well form a part of the program. The agricultural department can secure all available data about silos, cost, construction, etc. A small model silo can be set up in the lobby or window, and an attractive display arranged. The department manager can prepare literature on silos and silage crops with special reference to local conditions, and these can be distributed and mailed to the farmers of the community. Silo meetings can be held in cooperation with the county agent and other extension workers, and farmers can be induced to build silos. The bank usually finances the purchase of the silo materials for farmers entitled to the credit. In some localities the steel forms for building concrete silos cost around a thousand dollars a set laid down. One set

can be used for years by a number of farmers yet no single individual feels able to purchase such an outfit. The bank can advance the funds for the purchase of the form and it can be placed in charge of a committee of reliable farmers who will rent it out to farmers building concrete silos at twenty-five dollars for each silo constructed. At this rate the form will pay for itself in a comparatively short length of time. These suggestions indicate how various projects of the agricultural program may be put into operation.

Our agricultural survey might also show that the farmers were following too exclusively a one crop system. This is frequently the case in the wheat districts and while wheat farming is remunerative when wheat is high, the grain growing industry is subjected to periods of distress, when markets are glutted or stagnant, such as is the case at present. The returns from the one crop system come at one season of the year and until the crop is sold, farmers are forced to borrow for living expenses. This is not serious in itself but it is needless for even the grain or cotton farmer will find it practical and profitable to practice more diversification. It is not good farming to put all of one's eggs in one basket, and when the risk and returns are distributed a safer and happier husbandry results.

Perhaps no department of the farm brings in steadier or more frequent cash

returns than the dairy cow. As a means of utilizing cheap feeds, maintaining the fertility of the farm and returning a high rate of income on the investment, the dairy cow is unexcelled. Accordingly the bank can adopt diversified farming and dairying as two more divisions of its program, especially in those communities where there is a tendency to produce single crops, whether they be corn, wheat or cotton.

Banks have done a wonderful work in establishing the dairy industry in communities where it has become the most profitable type of farming, even though previous to the work of the banks, dairying was considered as a side line and of not much importance. Bank agricultural departments taking up this project as a part of the program can well follow in the footsteps of the score of institutions that have made a success of their dairying campaigns. These banks imported and distributed high producing dairy cows, financing the farmer in their purchase. They have assisted or taken the initiative in organizing breeders' associations, bull associations, cow testing associations, cooperative creameries and last but not least, boys and girls dairy calf clubs. All of these agencies have been most helpful in making the community prosperous and contented, as well as creating hundreds of thousands of dollars of deposits of which the banks received their share. The returns from this work are remarkable and there are few banks in the United States that will not find an increased dairying campaign profitable, especially when it is considered that the average scrub dairy cow in the country produces less than 200 pounds of butter fat per annum, while there are hundreds of well bred animals that produce from 800 to a thousand pounds of fat during the same period.

Many localities are benefited by the growth of leguminous crops and in many portions of the United States there is great need for an increased acreage of clover and alfalfa. An increased alfalfa campaign makes a good project for the agricultural program. One bank

in Oregon purchased and distributed 35,000 pounds of alfalfa seed in one year to the farmers of its community. They were given a year's time at six per cent. in which to pay for the seed and over three hundred and fifty farmers participated in the shipment. The alfalfa acreage of the county increased from 10,000 to 13,000 acres in one year as a result of the campaign and the first year's crop represented newly created wealth to the extent of \$200,000. Banks can secure high testing seed, finance farmers in its purchase, distribute it and then issue literature on the handling and cultivation of the crop under local conditions.

Every bank agricultural program should include some boys and girls club-work as this activity has undoubtedly done much to interest boys and girls in farming as a business. This phase of bank agricultural work is more generally known to bankers than work of any other type as hundreds of banks have distributed pure bred pigs, calves and lambs among the farm children of the community. The general plan is to loan the child the money to purchase the animal for which he signs a note usually payable when the animal or its offspring is sold. There are hundreds of variations of this plan and local conditions will suggest modifications.

The annual loss among live stock by preventable disease is so great that some disease prevention work can well form a portion of the program. This consists in supplying vaccines and holding demonstrations of vaccinating for hog cholera, black leg or other diseases, and testing for tuberculosis or glanders. Each bank can afford to cooperate with the United States Department of Agriculture in eradicating tuberculosis and getting the herds of cattle of the county on the U. S. accredited herd list, as stock guaranteed free from this dread disease. One western bank in two years has distributed 5,000 doses of black leg vaccine.

The most used feature of bank agricultural work and therefore a very important part of the program is the conducting of a free for sale and ex-

change bureau. Through this medium farmers advertise what they have for sale and what they wish to buy. Sometimes these ads are posted on a bulletin board in the bank but the most popular and satisfactory method is to issue monthly a for sale and exchange list usually in the form of a monthly farm publication in which appear various items of agricultural interest. This goes to every farmer in the community. Farmers soon learn to make use of the little paper's columns and will let the bank know if they are not receiving their copy regularly. One western bank reports that its for sale and exchange bureau transacted over \$400,000 worth of business during one year.

It may be found advisable to render some assistance in the marketing of farm products, but this is a field in which bankers should tread cautiously as it is full of pit falls. However, co-operation should be extended in organizing growers' marketing associations and helping them in every way possible. In connection with marketing, a live stock reporting service will be found a very valuable feature in live stock districts. On a bulletin board in the bank is posted daily telegraphic reports on live stock prices at several of the leading stock yards together with any other market information. This service has always been well received and many farmers will cross the threshold of the bank for the first time in order to see the bulletin board.

There is hardly a farming community that uses as much fertilizer as it should. The bank agricultural department should know the soils which need lime, potash, sulphur, nitrates, etc., and should

SOME THINGS THAT THE BANK'S AGRICULTURAL DEPARTMENT CAN DO

- Import high producing dairy cows.
- Organize Breeders' Associations, Cow Testing Associations, Co-operative Creameries, and Boys' and Girls' Dairy Calf Clubs.
- Assist in Marketing Products.
- Post daily telegraphic reports on live stock prices.
- Give information as to soils, fertilizers, etc.
- Conduct a for sale and exchange bureau.

bring about their use in the locality. Reliable farms should receive credit for the purchase of these materials and the agricultural department can assist in locating, purchasing and distributing the materials in the various districts.

These are but a few of the projects that go to make up a comprehensive agricultural program for the progressive country bank. It would be impossible in the space available to enter into a discussion of the many minor projects that could be adopted, but perhaps these remarks may indicate the general scope of the field.

All of this may seem a rather radical departure from the classic enumeration of banking functions as those of discount, deposit and issue, but it will pay big dividends in the increased wealth and good will of the community. It is giving superior service of the broadest kind and the institution carrying on such work will grow and prosper accordingly.



The Operation of an Industrial Savings Plan During Commercial Depression

By John F. Tinsley

Vice-President and General Manager Crompton & Knowles Loom Works, Worcester, Mass.

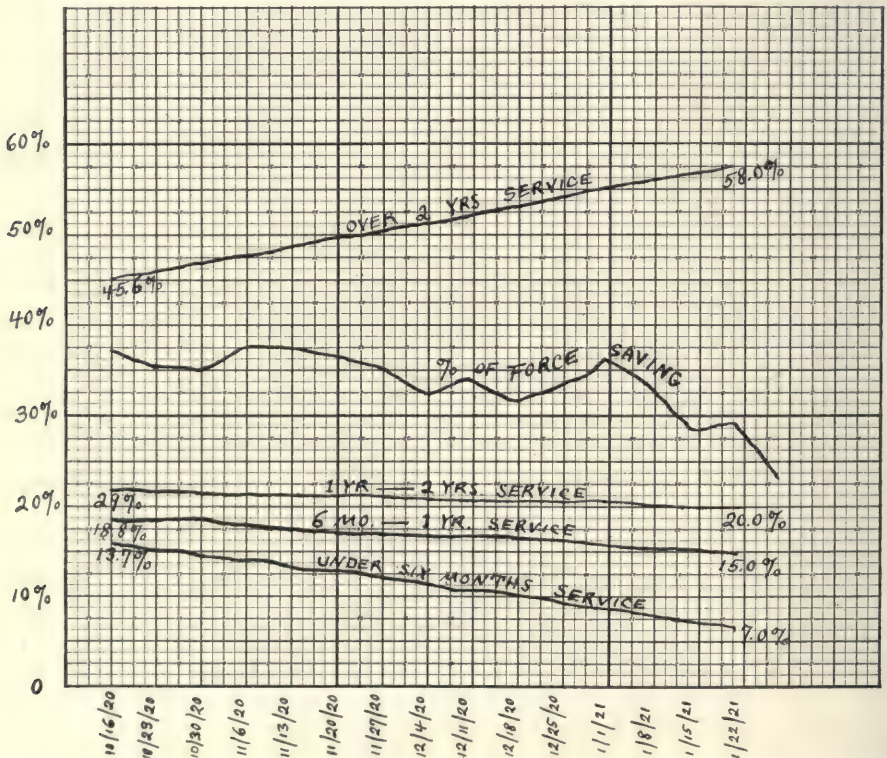
SINCE the war, several plans for encouraging the industrial worker to save have been established. Whether or not these plans survive the present period of industrial depression will determine their value to a great extent.

One of these plans, known as the Worcester, Massachusetts, Industrial Savings Plan, has so far weathered the industrial storm very successfully and this article will give the results in the Crompton & Knowles Loom Works which inaugurated the system.

Without going into fine detail, the Worcester, Massachusetts, Industrial

Savings Plan is an outgrowth of one of the Liberty Bond Savings plans conducted during the war.

After thoroughly worked-up shop campaigns held at intervals of three to six months, the employees are given an opportunity of signing a card authorizing their employer to deduct weekly a definite amount from their wages for deposit in any one of several local savings banks, specified by them. Each bank then issues pass books to those individuals designating their bank and the employer deposits in the banks each week the amount stipulated by the employees.



Showing that employees oldest in service are more likely to take advantage of the opportunity for thrift than those who have been employed only a short time



Graph showing deposits, withdrawals and average deposits from Oct. 16, 1920 to Jan. 22, 1921

The plan is flexible, in that an employee may increase or decrease his weekly deposit, may suspend deposits temporarily, or make withdrawals at any time without being obliged to go to the bank.

Since the inception of the plan in December, 1919, \$215,000 have been deposited by our employees in the five savings banks of the city. There have been three campaigns, resulting in 65 per cent. of the force taking advantage of this opportunity to save.

Beside opening new accounts, it is significant that 387 of those who were already saving, voluntarily increased

the amount of their weekly deposits, and many others have at various times deposited extra amounts. On the other hand, the number decreasing their amounts has been practically negligible.

One of the questions which naturally arises in connection with this plan is the attitude of the foreign-born toward it. Our experience has shown us that, while the foreign-born employees were a little slow about accepting the idea, after they thoroughly understood the system, they became more interested and enthusiastic than the American-born employees, with the result that out of twenty nationalities represented in the

plant, the American-born stood thirteenth.

It is also interesting to note the change in the attitude of the banks in this matter. It was hard at first to arouse the interest of the banks, but after the experience of the past year, the banks feel that the plan is excellent in principle and most practical in results.

In order that such a plan may be successful, it is vitally important that the management strongly endorse it and make their attitude apparent to the men. Along this same line, the earnest support and co-operation of the foremen must be secured, that they may reflect enthusiasm and interest in explaining the system to others. This can be brought about by meetings at which the necessity of thrift can be emphasized, and stress laid upon the company's desire to aid its employees in this important matter. The writer believes that when these two fundamentals are established, the success of the plan is practically assured. The results of the operations in the plant with which he is connected would seem to fully justify this belief.

Probably the most interesting statistics are those which reflect the influence of commercial depression upon the savings plan, both as regards the actual savings of the employees and the attitude of the employees themselves toward the plan during this period. The following figures, which were compiled from October 16, 1920, to January 22, 1921, very clearly illustrate the exact status of the plan during three months of severe business curtailment. The accompanying curves are self-explanatory, but the following points are particularly note-worthy:

(a) *Relation of withdrawals to deposits.* This is of vital importance in determining the true value of any savings plan. Along this line it is most interesting to note that at no time has the amount of withdrawals equalled the amount of deposits, and in most cases has not amounted to 50 per cent. Even during Christmas week the amount

withdrawn was not equal to the amount deposited.

(b) *Comparison of accounts of men laid off with those of men retained.* We would naturally expect that the men laid off would not keep up their accounts and the figures prove this. The withdrawals of the men who left the company's employ, either through resignation or reduction of forces incident to business depression, showed that 88 per cent. of their deposits had been withdrawn during this period, while only 35.5 per cent. of the amount deposited by those still with the company was withdrawn. A study of those who left showed that 49 per cent. had closed their accounts, 43 per cent. had withdrawn a large amount of their savings, while 8 per cent. had left their accounts intact.

(c) *Relation of length of service to savings.* Believing that it would be interesting to know the class of men who were saving, we made a study to determine what relation the length of service had to saving and as we expected, we found that the "floaters" or those who, seemingly, did not work long at any job, did not save so well as the more desirable, or longer service, men. This is shown by the fact that, while, in October, 1920, 45.6 per cent. of the savers were of two years' service or more, in January, 1921, this percentage had increased to 58 per cent., while the savings among the six month men or less had dropped from 13.7 per cent. to 7 per cent.

(d) *Percentage of force saving.* Another salient fact is that the percentage of the force saving did not vary during the three months more than $3\frac{1}{2}$ per cent. either way from an average of 62 per cent., which proved to the workmen that the fact that they had money in the bank did not influence the management to take any unfair advantage of them by laying off these men. In fact, the management met this argument when the plan was originated, by stating that they considered an employee who could save and was saving more desirable than one who was not.

(e) *Average deposit per saver.* The

average deposit per saver has varied very little, which shows that, although many of these men were working reduced hours, they did not give up saving or decrease the amount of their deposits during that period.

(f) *Attitude of employees.* From talking with employees who are taking advantage of this opportunity for saving, we find unanimous appreciation of the plan, many going so far as to say that they consider it the best thing the concern has done for the employees, although many other welfare and service activities are carried on by the company. Many employees stated that their only regret was that they had not specified larger amounts for weekly deposit during the good times, but that they considered themselves fortunate to have been able to take advantage of the plan at all.

(g) *Necessity of value of thrift as*

shown by dull period. The attitude above related of the employees themselves furnishes the most satisfactory proof that some form of promoting thrift is of the utmost importance and value and that the best method to pursue in the furtherance of thrift among industrial workers is a plan whereby voluntary saving is systematized and made easy and simple for the employee. The value of such a system is demonstrated by the amounts that the employees of at least one manufacturing plant have saved.

After careful observation of the progress of the plan during the past year, when both favorable and unsatisfactory business conditions have prevailed, we are convinced that it is thoroughly efficient and practical and, because of its simplicity, satisfactory alike to employer and employee.



The Research Department

IN nearly every bank the day's mail brings great quantities of pamphlets, booklets, reports, clippings and letters giving more or less valuable information on many different subjects. Quite often, in the pressure of routine business much of this information gets lost or buried and is seen no more. Papers are thrown away that perhaps in two weeks or two months will be badly wanted, or if they are not thrown away they are so completely hidden under a heap of papers on somebody's desk that hours of time are wasted in trying to find them. All this can be avoided by the organization of a systematic filing method under the direct responsibility of some one person.

"Research Department" sounds perhaps altogether too formidable to the average sized bank. It creates a picture of an elaborately organized de-

partment with a large staff of skilled investigators. It need be nothing so *de luxe* as this. All that is necessary is to have some one person in the bank responsible for filing and indexing the information that comes into the bank and holding it so that it can be readily accessible for the use of officers and clients. In a smaller bank it is quite possible for the filing department to perform this function. The most important thing is have all of this material centralized instead of being scattered about the bank on the desks of various officers.

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Banking and Commercial Law

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Authority of Wife to Draw Against Husband's Account Terminated by Separation

Addison v. Dent County Savings Bank,
Springfield, Missouri, Court of Appeals,
226 S. W. Rep. 322.

THE plaintiff kept an account in the defendant bank. For a number of years, his wife had been permitted to draw against the account. She took a more or less active interest in his business affairs and most of the checks drawn by her were drawn for the purpose of settling his business obligations. While this arrangement was still in force, the parties separated and steps were taken for the institution of divorce proceedings. Shortly afterwards, she withdrew on a check the sum of \$1,500, exhausting the account. It appeared that her father and brother were officers of the bank and, therefore, the bank had notice of the change in the marital relations of the parties. She herself was a director in the bank. In an action by her husband to recover the deposit, it was held that whatever authority to draw against the account she had, while she and her husband were living together, terminated upon their separation, and that the bank was liable to the plaintiff for the amount withdrawn by her after the separation.

OPINION

Action by G. D. Addison against the Dent County Savings Bank of Salem and others. Judgment for defendants, and plaintiff appeals. Reversed and remanded.

STURGIS, P. J. The plaintiff sued defendant bank to recover the amount due him as a depositor, alleging that he had on deposit in said bank the sum of \$1,508.57 which said bank had refused to pay him on demand. The answer of the bank admitted that it held the sum of \$1,465.13 deposited in the

name of plaintiff, but that same was a joint account of plaintiff and his wife, Clara Addison, and that plaintiff had consented that his wife, Clara Addison, have authority to draw checks on such account, which she had been doing for a number of years, and that during the month of December, 1919, the defendant bank had paid out all the money to plaintiff's credit to Clara Addison on checks drawn by her. The bank's defense as stated in its answer depended solely on the authority of Clara Addison to draw out said money on her checks. Thereupon Clara Addison filed her motion to be made a defendant in said cause on the grounds afterwards set up in her answer, and the court sustained the motion over plaintiff's objection. She then filed her answer setting up, in addition to the alleged authority given her by plaintiff to draw checks against the funds deposited in his name that the entire funds deposited in his name was in truth and in fact her money which plaintiff had taken without her consent in writing. Two issues were presented: (1) That, though the money on deposit belonged to plaintiff, yet because of the authority given by plaintiff to his wife to check same out, the defendant bank should be protected in so doing; and (2) that, though deposited in plaintiff's name, this money really belonged to his wife, and the bank should be protected in paying it over to her. These issues were tried and submitted to the jury, resulting in a verdict and judgment for defendants. Only the first of these issues was raised by the bank; the second was raised by the wife.

A serious question arises on the right of the wife to be made a defendant on her own motion and over plaintiff's objection, and to defend the action on an issue not raised by the only defendant plaintiff wished to sue and against whom alone he asked any relief. The plaintiff never amended his petition so as to

make Clara Addison a defendant, and never asked any relief against her. There are two sections of our statute invoked by defendants as justifying the court's action. Section 1732, R. S. 1909, provides that—

"Any person may be a defendant who has or claims an interest in the controversy adverse to plaintiff, or who is a necessary party to a complete determination or settlement of the question involved therein."

This section would apparently leave it discretionary with plaintiff to say whom he will make a defendant within the limits fixed therein. And so it has been construed in *Kortjohn v. Seimers*, 29 Mo. App. 271, where the court said:

"Our statute provides that any person may be a defendant who has or claims an interest in the controversy adverse to plaintiff, or who is a necessary party to a complete determination or settlement of the questions involved therein. Rev. St. section 3465. This means that a plaintiff may make any party thus situated a defendant to the action, and not that any party may insist on being made a defendant to any legal controversy which is likely to affect his interest in some collateral manner. The latter construction would lead to the most absurd results, and results entirely at variance with our methods of legal procedure."

An examination of all the evidence convinces us that the defendant bank failed to sustain, and the court should not have submitted to the jury, the issue that, granting that the money in the bank to plaintiff's credit was his money, yet the bank was justified in paying it over to Clara Addison, his wife, on her check. Relative to this issue the pertinent facts are that Clara Addison had separated from her husband some 20 days before drawing out this money on her check, and shortly before so doing had instituted a suit for divorce and alimony. These parties had lived together a good many years without discord. Plaintiff was running a newspaper, a bottling plant, and some other en-

terprises. The wife had invested considerable of her own money in his business, or permitted him to so use it. The bank account was kept at all times in his name. The wife took a more or less active interest in the business, which was conducted also in his name, and often looked after collections and made deposits. She also at times, especially in his absence, paid the employees and other current bills connected with the business and in so doing signed the checks. She was also permitted to and did draw checks to pay the current family expenses, and for small sums of money for her own and family use. This had been going on for years, and the officers of defendant bank say that plaintiff not only permitted this, but expressly authorized it. Under the authority so given defendant bank says it was authorized to and did pay her the sum of \$1,500 on her check, exhausting his account. We note, however, that the course of dealing mentioned was while plaintiff and Clara Addison were living together as husband and wife. She was acting more as his agent than otherwise in drawing checks on his bank account, and same were drawn in connection with his business and to pay current bills and expenses. When she separated from him and began shaping proceedings for permanent divorce and separation, all this was changed. How radical was the change needs no elaboration. They became as strangers and antagonistic. The checks thereafter drawn were not for the payment of current bills and family expenses to which he was consenting, but were solely for the purpose of placing the money beyond his control, and to enable her to use it as she saw fit. The defendant bank knew these facts—knew the changed relation of the parties and the changed purpose for which Clara Addison was withdrawing this money, and that plaintiff was not consenting to it. Her father and brother were chief officers of the defendant bank, and she was herself a director. After her separation from plaintiff she again became a member of her father's family. The father and brother not only knew of the

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separation, but of the divorce suit then instituted. They handled the money for her, transferring it from his name to hers. If they did not actively advise her to check this money out for her own use pending the divorce litigation, they knew the motive and purpose of her so doing. We must hold, therefore, that whatever authority was given to or exercised by Clara Addison while she and her husband were living together in amity as man and wife ceased because of the changed relations of the parties and the wholly different purpose for which subsequent checks were drawn; that the defendant bank is in no way to be protected as an innocent party. It became the province of the court in the divorce suit to protect the wife by suitable allowance for temporary alimony, and she could not arbitrarily appropriate this money for such purpose.

The cause is therefore reversed and remanded.



Payee Not Allowed to Recover Against Accommodation Indorser

Long v. Todd, Springfield, Missouri Court of Appeals, 226 S. W. Rep. 262.

The defendant indorsed for accommodation, a note payable to the plaintiff. He indorsed it so that the plaintiff would be able to discount the note at a bank. The plaintiff, however, instead of having it discounted, held it and collected a portion of the amount due on it from the maker. The maker became insolvent and unable to make further payments on the note, and the plaintiff then brought suit against the accommodation indorser. It was held that inasmuch as the defendant had indorsed, not for the accommodation of the maker, but for the accommodation of the payee herself, she was not entitled to hold him liable.

Another reason why the plaintiff could not recover from the indorser was that she had not, upon the dis-

honor of the note of maturity, given him notice of dishonor. Although he had indorsed for accommodation, he was entitled to notice of dishonor the same as any other indorser, and was discharged from liability by the failure to give such notice.

OPINION

Action by Ellen Long against Joe Lee Todd and one Dewey. Judgment for plaintiff, and defendant Dewey brings error. Reversed and remanded as to defendant Dewey.

BRADLEY, J. This is a suit on a promissory note. Defendant Dewey contested the case. The cause was tried to the court without a jury, and judgment went for plaintiff and against both defendants, and defendant Dewey brings the cause here by writ of error. Plaintiff and one McBee were partners in the Connor Taxi Company of Joplin. Plaintiff and McBee had some differences, and defendant Dewey, an attorney, represented plaintiff in whatever troubles she had with McBee concerning the taxi company. McBee sold his interest to defendant Todd, and thereafter, as soon as Mrs. Long's interest was ascertained, defendant Dewey induced Todd to purchase Mrs. Long's interest. The consideration for Mrs. Long's interest was \$650. Todd paid \$100 cash, and gave the note sued on for \$550 due in 30 days, and defendant Dewey indorsed this note by writing his name on the back thereof. The defense of defendant Dewey is want of consideration to bind him on his indorsement. Defendant Todd had paid a part of the note, and the judgment is for the balance.

Plaintiff introduced the note and rested. Defendant Dewey was the only witness called. He testified:

That, representing Mrs. Long, he "went to Todd and got him to purchase her part of the business. He was to pay \$650. That he was to pay her part cash and a note for the balance. That plaintiff wanted to arrange to get the money on the note at once. That she and defendant Dewey talked the

matter over, and he agreed to indorse the note for her so she could get the cash at the Miners' Bank. So they got together and fixed up the trade, and according to agreement he had Todd bring around the note for his signature, which was given. That thereafter she did not use it at the bank, but made collections along on it from Todd till it was reduced to \$325, and then Todd's business went to pieces, and nothing more was paid."

Defendant Dewey was an accommodation indorser for the payee in the note, and not for the maker Todd, and this indorsement was made at the request of the payee, and not at the solicitation and request of Todd. Section 1974, R. S. 1909, among other things, provides that, whenever a written contract for the payment of money is the foundation of an action, the proper party may prove the want or failure of consideration. By section 9999, R. S. 1909, of our Negotiable Instrument Law, it is provided that absence or failure of consideration is a matter of defense as against any person not a holder in due course. Section 10000, R. S. 1909, defines an "accommodation party" as one who has signed the instrument as a maker, drawer, acceptor, or indorser without receiving value therefor, and for the purpose of lending his name to some other person. It is further provided in section 10000 that such person, that is, an accommodation party, is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be an accommodation party. Section 9997, R. S. 1909, defines a "holder of value" as follows:

"Where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who become such prior to that time."

Section 10034, R. S. 1909, among other things, provides that, where a person not otherwise a party to an instrument places thereon his signature in blank before delivery, he is liable as indorser in accordance with certain

rules therein given. The third rule given, and the one pertinent here, is:

"If he signs for the accommodation of the payee, he is liable to all parties subsequent to the payee."

Defendant indorsed the note to accommodate the payee, that she might discount it at a bank; but the payee, the plaintiff, did not negotiate the note, but retained it. There is no pretense that defendant indorsed the note for any other purpose than to accommodate plaintiff; hence there was no consideration moving from plaintiff to defendant. We think that our Negotiable Instrument Law to which we have referred, and from which we have quoted, clearly indicates that a suit of the character here, that is, on a state of facts as here, cannot be maintained. The record does not disclose that any notice of dishonor was given defendant, and the facts do not bring him under any of the exceptions found in section 10085, R. S. 1909, or any other section dispensing with notice. Plaintiff alleged that notice was given, but made no attempt to prove it. By reference to *Overland Auto Co. v. Winters et al.*, 277 Mo. 425, 210 S. W. 1, it will be seen that failure to give notice under the facts here would defeat recovery by plaintiff.

The judgment below against defendant Dewey should be reversed and the cause remanded; and it is so ordered.



Collateral May be Applied Only on Debt for Which Pledged

Boulter v. Joliet National Bank, Supreme Court of Illinois, 129 N. E. Rep. 515.

The plaintiff was the owner of certain shares of stock. She signed a promissory note jointly with her father, which note the defendant bank discounted. With her consent, the stock was pledged to the bank as security for the payment of the note, and the bank knew that the stock was the property of the plaintiff. When the note

fell due, the father made a payment on it and gave to the bank a new note for the balance due, which he alone signed. He again pledged the stock as security for the new note, but this time acted without the knowledge or consent of the plaintiff. He later showed her the canceled original note, telling her that it had been paid. He explained that he had left her stock at the bank for safe-keeping. When she found out that the bank was holding her stock as security for the renewal note, she made a demand on the bank for its return. The bank refused to hand over the stock to her and later sold it at public sale. In an action which she brought against the bank, it was held that the bank was liable to her for the value of the stock. Upon the satisfaction of the original note, the bank had no right to accept the stock as security for the payment of the new obligation without her consent.

OPINION

Appeal from Appellate Court, Second District, on Appeal from Will County Court; George J. Cowing, Judge.

Trover by Elva M. Boulter against the Joliet National Bank. Judgment for plaintiff was affirmed by the Appellate Court, and defendant appeals. Affirmed.

DUNN, J.—In an action of trover against the Joliet National Bank, in the Will County Circuit Court, Elva M. Boulter recovered a judgment for \$550, which the Appellate Court affirmed. A certificate of importance was granted, and the bank has appealed.

Elva M. Boulter was a telephone operator, living with her father, John Boulter, and her mother and brother, in Chicago. She owned five shares of stock in the Gerlach-Barklow Company of Joliet, of the par value of \$100 each. She signed a note with her father for \$300, dated November 23, 1914, payable to the appellant three months after date, which recited that the makers of the note "have deposited, delivered

and assigned to said bank the following named securities: One certificate No. 252 for five shares of the preferred capital stock of the Gerlach-Barklow Company of Joliet, Ill., of which Elva M. Boulter is the owner." At the same time she indorsed the certificate of stock in blank and gave it to her father. He was a reporter for the Bradstreet commercial agency and a frequent caller at the Joliet National Bank, where he had a checking account. The bank discounted the note for him. When it became due it was not paid, and remained overdue for a year. On February 23, 1916, he paid \$100 on the note, and gave his individual note for the remainder, \$200, due three months after date, with 7 per cent. interest after due, and at the same time again pledged the stock as collateral as in the former note, saying that he was then the owner of the stock. The bank canceled the original note by stamping on its face "Paid February 23, 1916." Boulter showed the canceled note to his daughter, and told her he had paid it. She asked him to bring the stock certificate to her, and he told her he would, but he did not. She knew it was at the Joliet National Bank, but did not know that the bank was holding it as security, for her father told her he had left it there for safe-keeping. On April 13, 1916, he gave the bank another note for \$100, due in three months for which he also pledged the stock. There was no communication between the appellant and the appellee until the receipt of a letter from the bank dated January 16, 1917, by the appellee's mother, addressed to Emma Boulter, asking her if she had heard from Boulter yet. The appellee answered this letter on January 28, saying that nothing had been heard from Boulter since Christmas Day, asking the return of the stock certificate belonging to her which he had left in the care of the bank, and inclosing postage. The bank replied, saying that it held the stock as collateral for money furnished to Boulter, upon payment of which it would be glad to return the certificate. The next day the appellee wrote, demanding the return of

the stock without delay, but the bank refused to return it, and on April 21, 1917, sold it at public sale for \$500.

The pledge of the stock created a lien for the amount of the \$300 note until the debt was paid or the lien was otherwise discharged. The giving of a promissory note in renewal of another does not, of itself, operate as a satisfaction of the original note. Whether it does so or not is a question of fact for the determination of a jury and depends upon the intentions of the parties. If it is made and accepted for such purpose, the former note is satisfied. *Belleville Savings Bank v. Bornman*, 124 Ill. 200, 16 N. E. 210; *Jansen v. Grimshaw*, 125 Ill. 468, 17 N. E. 850.

It is insisted that the court erred in instructing the jury that—

"If you believe from the evidence that it was the intention of the parties to the original note introduced in evidence in this case that the cancellation of such note and the taking of a new note by the bank signed by John Boulter was intended as a release and discharge of Elva M. Boulter from her obligation on the original note, then you should find the issues in this case for the plaintiff."

Section 118 of the Negotiable Instruments Act (Hurd's Rev. St. 1919, c. 98, Section 136) provides that a negotiable instrument is discharged by the intentional cancellation thereof by the holder. In *Fairbanks v. Merchants Nat. Bank*, 132 Ill. 120, 22 N. E. 524, it was held that the mere renewal of notes for which shares of stock had been pledged would not release the pledge of the stock, yet the fact that in addition to the making of a new note and the surrender of the old a new pledge of the stock and a new contract of pledge were made and substituted for the old afforded prima facie evidence that the old note was paid and the collateral security released. There was evidence at least tending to show an intention to release Elva M. Boulter from her obligation on the original note, which justified the giving of the instruction.

It is argued, however, that even if it was the intention to release the appellee from the note, the extension of a note does not always release the collateral security, and that this was an element in the case which should have been considered by the jury. There is no theory on which it can be said that the appellee would be released from liability on the note and her stock which is pledged as security held. The only contract by which any lien on the stock was created was the note for \$300, the same contract which created the personal liability of the appellee. If that contract was discharged, all liability, whether of the appellee or of the property pledged as security, was gone. The contract of the appellee and the contract by which her stock was bound were the same. There is no difference as to the personal liability of the appellee on the note and the lien on the stock for its payment. *Price v. Dime Savings Bank*, 124 Ill. 317, 15 N. E. 754, 7 Am. St. Rep. 367.

The instruction in regard to interest is erroneous, but the error is against the appellee. It directs the jury, in case of a verdict for the plaintiff, to compute interest from the date of the sale of the stock. The rule is that under the law she was entitled to interest from the time of the conversion, and the evidence of a demand of the stock and its refusal in January was evidence of a conversion of the stock three months before the sale. The appellant has no cause, therefore, to complain of this instruction.

The court refused an instruction asked by the appellant in regard to the meaning of conversion and the evidence by which it may be proved. It was not error to refuse the instruction. There was no dispute in the evidence in regard to the conversion. The only question was as to the effect of the giving of the new note.

Another instruction which was refused and of which complaint is made submitted to the jury the legal question whether the appellee, by permitting John Boulter to negotiate a loan and turning over to him security to be used

as collateral, created him an agent, and if, by permitting the collateral security to remain in the possession of the bank without objection made to the bank and knowing it was in the possession of the bank, she ratified the acts of her agent. It would therefore have been erroneous to give it.

It is insisted that the appellee did not have such right of possession or ownership of the stock as would enable her to maintain trover. She was the absolute owner of the certificate, as the appellant knew by the statement in the writing by which it had been pledged to the bank and came to the bank's possession. There is no evidence that her father ever became the owner of it. His statement to the bank in her absence is not evidence against her. When the note for which the stock was pledged was satisfied, the bank had no right to hold the stock longer, and it was its duty, upon demand, to surrender it to the owner. The appellee was that owner, and was entitled to the immediate possession of the stock, and this is sufficient to maintain trover.

The judgment of the Appellate Court will be affirmed.

Judgment affirmed.



Chattel Mortgage Taken by Bank on Property Not Be- longing to Mortgagor

Crocker State Bank v. White, Kansas City,
Missouri, Court of Appeals,
226 S. W. Rep. 972.

A person named Mitschele, a cattle buyer, was in the practice of paying for cattle purchased by him with checks drawn on the plaintiff bank. The bank would honor checks so drawn, even though they constituted an overdraft, and Mitschele would later take care of the overdraft out of the proceeds of sales of the cattle. Mitschele gave the defendant a check on the plaintiff bank in payment for cattle

purchased from the defendant. But when this check was presented, the bank refused to pay it because of the fact that Mitschele's overdrafts had grown too large. In order to protect itself on the overdraft already made by Mitschele, the bank took from him a chattel mortgage on the cattle which he had purchased from the defendant, the bank having knowledge that the cattle were the defendant's. The defendant then retook his cattle from Mitschele, and the bank instituted this proceeding against the defendant to recover possession. It was held that the chattel mortgage gave the bank no right or lien against the cattle. The transaction between the defendant and Mitschele was a cash sale, and, payment not having been made, title to the cattle never passed to Mitschele. It was therefore not within his power to give the bank a chattel mortgage on the cattle.

Replevin by the Crocker State Bank against C. L. White. From a judgment for defendant, plaintiff appeals. Affirmed.

TRIMBLE, J.—This is a suit in replevin for 22 head of steers. Defendant White owned the cattle, and on October 24, 1918, sold them to George Mitschele for \$1,245, and Mitschele gave White his personal check on the plaintiff bank for that amount. The sale of the cattle was for cash. Mitschele was a cattle buyer and dealer at Crocker, doing his banking business at the plaintiff bank. For some time he had been buying cattle in various parts of the country, giving his checks for same on said bank. The latter would honor them when they came in, even though it produced an overdraft in Mitschele's account; the overdraft being later taken care of by Mitschele, either with returns from cattle sold or otherwise. White lived near Mountain View, in Howell County, Mo., and did his banking business with the People's Bank at that place. He was in Crocker about noon of the 24th day of October, 1918, and, upon selling his cattle to Mitschele, as stated, received the check, left for home that evening, and the next

day deposited the check to his credit with the People's Bank. It sent the check in the usual course for collection, and it reached the plaintiff bank about 3 p. m. of October 31, 1918, during banking hours, though the cashier says it was after they had struck their balances for that day; but this was done "just after noon of each day," and checks thus coming in after the balances were struck went on the books as of the next day's business. There was already an overdraft in Mitschele's account of \$600, and Mitschele had given plaintiff bank a draft on St. Louis parties for more than enough to cover it. But, late in the afternoon of the same day that Mitschele's check to White came in, plaintiff bank received a telegram saying Mitschele's draft had been refused. After nightfall, the cashier went out to Mitschele's farm and, to secure said overdraft of \$600, took a chattel mortgage on the 22 head of cattle Mitschele had purchased of White, describing the cattle in the chattel mortgage as "twenty-two head of 2-year old steers . . . bought of C. L. White." At the time this was done, the Mitschele check to White had already come to the plaintiff bank and was in its possession; and the cashier says he told Mitschele the White check was there, with some others that had come in, and that, as they would not be paid, he should arrange to take care of them. The bank held the White check until some time the next day and then protested it. Thereupon White went immediately and retook the cattle from Mitschele's possession. In fact, the latter willingly turned them back to White, when he learned that the bank did not pay the White check, as Mitschele claims it agreed to do if the chattel mortgage were given. The plaintiff bank then brought this action in replevin to obtain possession of the cattle under its chattel mortgage. A trial resulted in a verdict and judgment for defendant, from which plaintiff has appealed.

The cashier of the bank says he did not know Mitschele had not paid White for the cattle, but he knew Mitschele was buying cattle over the country and

giving checks on his bank to pay for them, and he admits he knew a check from Mitschele to C. L. White for \$1,245 had come in that afternoon and was not paid, and mentioned the fact to Mitschele, and then took a chattel mortgage on cattle "bought of C. L. White" to secure an overdraft of Mitschele's theretofore existing in the bank. This would appear to be amply sufficient to impart notice of White's rights in the matter. But, however this may be, Mitschele says the cashier was told White was not paid, and thereupon the cashier promised to pay the White check, and that was the reason he gave the chattel mortgage on the cattle, as, otherwise, he had no right to mortgage them. The question of whether the cashier knew the cattle were not paid for was submitted to the jury in the instructions, and unquestionably the jury had ample evidence from which to find (as it did) that the plaintiff bank knew the cattle on which its mortgage was being taken had not been paid for.

The sale of the cattle from White to Mitschele was intended by both of them to be a cash transaction, and the taking of the check did not make it otherwise. The check could not operate as payment until the money was received on it, and, as it was never paid, the title to the cattle did not pass to Mitschele, and clearly, under the circumstances, no title passed under the chattel mortgage to the bank. *Johnson-Brinkman Comm. Co. v. Central Bank*, 116 Mo. 558, 22 S. W. 813, 38 Am. St. Rep. 615; *Skinner v. Lammert Furniture Co.*, 182 Mo. App. 549, 166 S. W. 1079; *Strother v. McMullen Lumber Co.*, 200 Mo. 647, 98 S. W. 34.

But it is urged that, if White had immediately brought Mitschele's check to the plaintiff bank, instead of depositing it in the People's Bank, the plaintiff bank would have paid it, as it was willing to pay, and did pay, every check of Mitschele that came in before plaintiff learned of the dishonor of Mitschele's draft in St. Louis. We are unable to see what effect this would have had, except to make Mitschele's overdraft in plaintiff bank that much greater than

it was. Clearly White did nothing to waive the payment of the purchase price, nor was it waived in any way. The fact that White's check did not reach the plaintiff bank until the day it did showed no laches on White's part, nor could delay, under the circumstances of this case, create estoppel, especially as the plaintiff bank knew the cattle were not paid for when it took its chattel mortgage. *Johnson-Brinkman Comm. Co. v. Central Bank, supra.*

The fact that the White check was not protested by the plaintiff bank until the next day certainly could add

nothing to plaintiff's right to recover. Besides, it is manifest from the plaintiff's own evidence that it was because of its own cashier's representation to the bank in Springfield (from which plaintiff had received the White check) that Mitschele was endeavoring to take it up, that the Springfield bank was induced to permit the postponement of the protest thereof by the plaintiff bank until the next day.

There was no error in the giving or refusing of instructions of which the plaintiff can complain. The judgment is therefore affirmed.



Bankers and business men of St. Joseph, Mo. gave an old fashioned get-together and song carnival for their country neighbors recently. The affair was held in a rural school house and farmers came to it from miles around. This is a splendid means of erasing the line between town and country and an excellent idea for the bank that serves a rural community



Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

IT strikes me that too many banks are run on the idea that people have got to come to them whether they want to or not. Why not make them want to come and eliminate the "or not" part of it?

It's an ill wind that blows good to no one! The Ponzi episode in New England has hammered home to a good many that a savings account at four per cent. is far better than the glowing promises of a so-called financial "wizard."

I like these "Monthly Letters" issued by many of the banks. They give an analysis of business conditions that the average man doesn't get even from his newspaper. I particularly like the "Letters" issued by banks that make a specialty of serving some certain industry. I always read them whether I have any interest in that industry or not, for in our modern system of doing business the good and bad times of one industry are pretty closely woven into the whole great business fabric.

An officer of one of the big banks I visit occasionally has the reputation of being "easy to see." It's true. As far as his time will possibly permit, he gives of that time to anyone and everyone who asks to see him. I asked him how he could afford to do it. His reply

was: "I couldn't afford not to. You fellows from outside give me a new angle and a new viewpoint on my own business."

It is quite customary now for banks to have glass tops on the desks and counters used by customers. One bank I know of makes a novel use of these glass tops by putting under the clear glass, right where it will hit the eye, a neatly printed statement about some department of the bank. For instance, one notice that stared up from the glass desk top said, "During the past month our Savings Deposits have increased from \$. to The latest dividend was at the rate of per cent. Deposits go on interest (date)."

I saw a man rush into a bank in great excitement. He had found a mistake in his monthly statement and he was hot about it and ready to bawl someone out. He headed for the treasurer, and it was a joy to see that treasurer handle him. When he paused for breath the treasurer cut in quietly with "Let's look it right up. If we're wrong you can bet we will be mighty glad to be set right, and if you're wrong we can help you to straighten out your records so the mistake won't be carried any further." The man cooled right down. No haughty "we-never-can-be-mistaken" attitude here, such as I have seen in other days and other banks!



The Accident *that* Founded a Giant Industry.

IN a little Massachusetts town, with skeptical neighbors as an audience, Charles Goodyear vigorously expounded the possibilities of water-proofing with rubber—if the gum could be made resistant to heat and cold. In an emphatic gesture, his hand struck the hot stove. He dropped the lump of sulphur-mixed rubber gum clenched in his fist; it charred slightly but did not melt. He had accidentally discovered *vulcanizing*, the long sought process.

Since that fortunate day eighty-two years ago, New England has never lost her advantage as a leader in developing the wider use of rubber. Great factories in Massachusetts and Connecticut turn out two-fifths of the nation's rubber footwear. Many of the best known tire factories are located here, and they ship to every corner of civilization.



WRITE FOR
COPIES OF OUR
BOOKLETS:

Foreign Exchange
The Webb Law
The Edge Law
Acceptances
Scandinavia

THE NATIONAL SHAWMUT BANK is three years older than the vulcanized rubber industry, and has grown up with it—served its interests consistently and intelligently. From distant plantation to factory, and into all the markets of the world, Shawmut financing figures largely.

Inbound and outbound commerce pertaining to the rubber industry of the country can be handled with greatest economy by the bank that stands closest to the manufacturer, and that bank is SHAWMUT.

THE NATIONAL SHAWMUT BANK *of* BOSTON
Resources far exceed \$200,000,000

Banking Publicity

Special Section of The Bankers Magazine

APRIL 1921

Why Should a Bank Advertise Its Service— and How?

By FRANK L. HILTON

Vice-President Bank of the Manhattan Company, New York

WHENEVER TWO OR MORE bank officials gather together, perhaps the commonest subject of conversation is: "How can we get closer to our customers?"

I make bold to say the merchant, the manufacturer, the executive of an industrial concern, will feel intimate with his bank only as the *bank* expresses its feeling of intimacy for him.

Not forgetting either the small business man of today who is destined to become the big man of a few years hence!

In short, it is "up to" the banker.

Few of us bank officials, to whom the atmosphere of a bank is the home of our business hours, quite realize the constraint of even the substantial business man in approaching his bank.

So far as we ourselves are concerned, the day of the impersonal in banking is happily past.

The day of the secluded office, the day of mystery and aloofness, is gone never to return.

The bank official has moved his desk out in the open. He is today typically more accessible than the executive of the industrial and mercantile concern.

So far as he can achieve it through his own personality, he is establishing the man to man intimacy with the customers with whom he comes in contact.

The trouble is that he can never cover enough ground through his personal contacts.

There isn't the time. Hundreds of customers seldom enter further than the tellers' windows.

Here we have hundreds of men, the potential big customer

The great need of a bank today is to *establish its personality as an institution.*

That seems to me to be the real function of bank advertising.

Make a customer a partisan of the bank, and he'll stick.

Give a man a feeling that a bank is a personality—show the soul of the corporation—and he'll give his adherence.



FRANK L. HILTON

Vice-President Bank of the Manhattan Company, New York

of the future, to whom the bank is the most casual of their business connections.

Any banking institution of sound resources, would serve their turn—the deposit and checking of funds.

They come in through chance or circumstance. They stick by habit. They are just as likely to drift out again, through any one of a dozen impulses.

Now, how is this to be done?

First, it will never be done effectively by advertising in detail about the services of the bank.

Advertising is news. Bank advertising must be the *personal* news of the bank—the news about the bank as a *personality*.

There is little personal or individual about the services of a

(Continued on page 585)

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

APRIL 1921

NOW is the time for advertising courage on the part of advertising bankers. There is a disposition on the part of some bankers to retrench on advertising expenditures because of general conditions. This is especially true in the cotton belt of the South, where conditions are admittedly unfavorable at the present time. But with the proper amount of faith in the future it would seem that banks ought to continue advertising thrift and the wise use of resources. Build for the future should be the watchword.



WHILE IT is not possible to advertise service and accommodation to such an extent as formerly many banks are using their space to get good will and prestige by historical advertising or publicity concerning the resources of their communities. A California bank is running a series on "The Wealth of the West," and a Southern bank one on "The Resources of the South."



IT IS REALLY a fetish to expect direct, traceable results at all times from newspaper advertising. But if your business is growing while

you are advertising it is only reasonable to attribute a fair share of the growth to the newspaper advertising. If your growth is not all that you had hoped or expected, it is reasonable to believe that you would have been worse off had you not advertised.



TRUST BUSINESS is something that takes time to develop. Banks which have recently installed trust departments are finding this out. This is particularly true of executorships, "the buzzard business," as one banker calls the advertising of testamentary affairs. After a person has named your institution as executor, you have to wait for him to die before you can make any money from his estate. However, there are voluntary trusts, agencies, the safe keeping of securities, etc., to advertise with the hope of quicker returns.



AN INCREASING NUMBER of banks are using the billboards. A trip through different parts of the country will convince anyone of this fact. And the testimony of banks which are using this form of publicity is that it pays, especially in conjunction with other advertising. Of course the message must be very strong, very attractive and very brief.



A GOOD SLOGAN is good, but its value depends upon how much it is advertised. Keep

it everlastingly before the public eye and in the public mind. Every ad of the Bankers Trust Company of New York has a picture of its tower-like building and always there is the slogan, "A Tower of Strength," so that nowadays you hear people on the ferry boats looking at New York's skyline and saying "There's the Tower of Strength." Thus the Bankers Trust is getting that valuable secondary advertising of the word of mouth references of the man in the street.



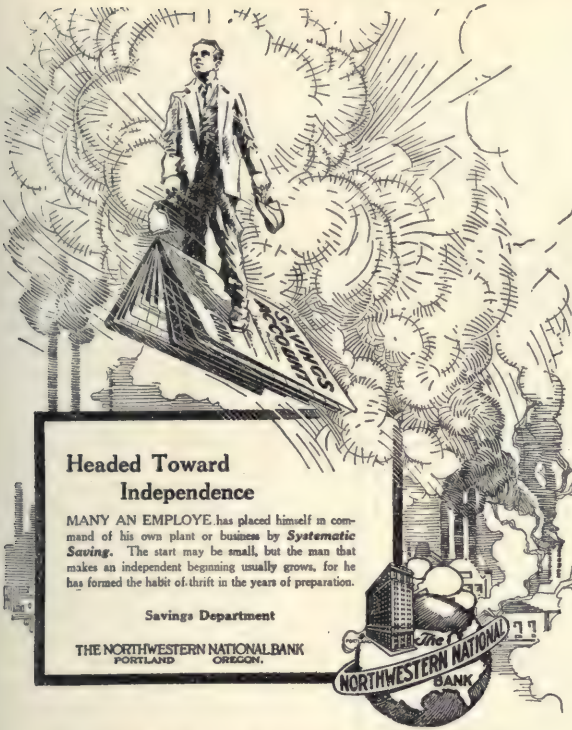
FRANCIS H. SISSON, vice-president of the Guaranty Trust Company of New York, than whom there is no greater exponent of efficient bank publicity, says:

There are financial institutions in the country today that spend close to half a million dollars a year in publicity of various sorts—all a development of the last five years—and it is significant that the institutions that have had the courage and vision are the institutions which are today leading the financial world both in service, profits, and in growth.



Progress

FROM house to house we move but that signifies little, if we do not over-burden ourselves with rubbish. From youth to age we move; but that is no fatal if we do not over-load ourselves with prejudices. From opinion to opinion we move; but that is natural if we are not forced to do it in haste. The man who thinks when old precisely the same on all points as he thought when young is not a conservative. He is an obstacle.—Henry Van Dyke.



Inspirational thrift copy directed at the industrial employee.

before any bank today is to express and develop its spirit, its personality, in its advertising.



How Banks Are Advertising

A NUMBER OF BANKS that do not find it feasible to publish a monthly employee's house organ are getting out a magazine of this character once a quarter. *Fidelis*, issued by the Fidelity Trust Company of Buffalo, is published four times a year and is an excellent example of the type of purely internal house organ. It is issued entirely in the interest of the Fidelity Trust Club, an employee organization. Each issue contains educational articles on banking subjects written by members of the bank's staff and also personal items about different officers and employees and various items about the affairs of the bank. It also contains cartoons and intimate snapshots. A magazine of this character is of great value in creating good will and solidarity within the bank.

BANKS IN INDUSTRIAL communities that are feeling the business slump have an opportunity to advertise thrift at a time when the value of this virtue is being brought home to many people. When wages are

Here again, the Manhattan Bank is singularly fortunate in the circumstances—with its 122 years of unbroken history and progress, its association with the whole forward movement in American commerce, industry and finance.

Be the circumstances what they may, however, the problem

Why Should a Bank Advertise Its Service—and How?

(Continued from page 583)

bank—little, that is, that is or can be peculiar to that individual bank.

If a personal word may be permitted, I can say that this is the reason for the tone adopted in the advertising of the Bank of the Manhattan Company.

Deposits, credits, discounts, foreign exchange, the routine of finance—any bank can perform these services.

With its resources and its experience, the Bank of the Manhattan Company may be in position to perform such services better than the average—but that is hardly the advertisable point.

The spirit of the Manhattan advertising is found in the *personality* of the Bank.

Exhibits for the F. A. A. Convention

Members of the Financial Advertisers Association are urged to write the Secretary, H. M. Morgan of the St. Louis Trust Company at once, telling him of their intention to enter an exhibit at the Atlanta Convention—June 12-16.

Cost of space is \$10 per panel (actual clear space for exhibits 36 inches wide by 60 inches deep). Maximum number of panels allowed any one exhibitor is five.



CARPENTER APPEARS TO HAVE LOST \$200
Expected Returns of More than \$2,000, He Says.

William A. Eisenberg, a carpenter living at No. 6 Morris street, appears to be out at \$300, which he says he expected would be increased to at least \$2,000 when he let it go. All Eisenberg has to show for his investment is an engraved slip of paper about the size of a dollar bill, which he says that Eisenberg has in his pocket coming from the New York Public Library.

Hold Fast!

Look at your bank book twice before you give heed to the glittering promises of glib stock salesmen.

There is a beauty and an honesty about a bank book—no matter how plain its binding may be—that outweighs bushels of fancy engraved certificates with gilt seals.

Hold fast to your bank book!

UNION TRUST CO

25 State Street East Avenue at Main Street
Charlotte Branch, 4424 Lake Avenue

Three Offices Conveniently Located to Serve You

from the
Democrat and
Chronicle
February 13

business to awaken first interest. After interest is once aroused other services rendered by trust companies can be stressed with more efficacy.

THE FIRST Wisconsin National Bank of Milwaukee is advertising a "follow-up" plan for savings accounts. A recent advertisement reads: "We have worked out a plan which should help you. This plan not only serves to remind you when you should make deposits, but it furnishes you a convenient method for making them. It saves trips to the bank."

A NUMBER OF BANKS are advertising "advice." Advice on business and investment matters is one of the chief functions of a bank's service and yet the average man often hesitates to go to the banker for advice for fear of getting the cold shoulder, especially if he is not at that time a customer. It is possible to break down this prejudice by the right kind of advertising. By offering advice with no strings attached many possible customers can be attracted. If, once inside the bank, they receive courteous attention, the chances for future

Sound advice by a Rochester bank to combat the activities of the financial swindler.

being cut, plants closing down and employment is precarious, people are more apt to appreciate the advantages of a nest egg than when everything is booming. Now is the time to get people to sign the savings pledge, in the "cold gray dawn of the morning after."

"EASY TO GET TO, easy to deal with," is a slogan used by the Lowry National Bank, Atlanta, Ga.

THERE IS ONE branch of fiduciary business which seems to have a particularly strong advertising appeal. That is the Voluntary Trust. There is something less lugubrious in the

idea of a man's voluntarily relieving himself of business cares by the creation of a trust than in the thought of providing for the administration of his estate after his death. To a man of wealth who wishes to retire the voluntary trust offers the possibility of avoiding all business cares and the assurance of a steady income for the balance of his life. Nobody really enjoys being reminded that he must some day die, but, on the other hand, the contemplation of a future without financial cares is agreeable to anyone. It would seem that trust companies would do well to stress this particular feature of their



Newark is Moving Forward

As Newark is the first city in the world to be the seat of a world-class industry, it is the first city in the world to be the seat of a world-class industry. It is the first city in the world to be the seat of a world-class industry. It is the first city in the world to be the seat of a world-class industry.

NATIONAL NEWARK AND ESSEX BANKING CO.
NEWARK, NEW JERSEY

A community boosting ad with forceful illustrations to create the proper atmosphere.

business are exceedingly good. But of course everything depends upon the proper co-operation of the bank's staff. If a bank advertises to give advice and then drives away the possible customer by discourtesy on the part of some employee the effect is worse than useless.

THE UNION & PLANTERS Bank and Trust Co., Memphis, Ga., sends savings letters with good results to members of the local Y. M. C. A., most of whom, of course, are young men employed in business houses.

ON ITS FORTY-FIFTH ANNIVERSARY The American Bank of Commerce and Trust Company, of Little Rock, Ark., leased a theatre and entertained the members of the Arkansas Bankers Association, holding its convention in Little Rock at the time.

RECOGNIZING LIFE INSURANCE as one of the best aids to thrift, the Marshall and Ilsley Bank of Milwaukee, Wis., has been running a series of advertisements urging people to save in a savings account in order to have the money ready to meet life insurance premiums.

HOUSE-TO-HOUSE distribution of advertising matter has been tried successfully by the Noel State Bank of Chicago. The matter put out is tied up with other advertising done by the bank.

THE BUFFALO TRUST Co., Buffalo, N. Y., has had considerable luck with personal solicitation of savings accounts. Its first campaign added 12,500 names to its books.

THE WILLIAMSBURGH SAVINGS BANK, Brooklyn, advertises for banking by mail accounts in various marine publications and also in a magazine read by American Legion men. It has depositors in all parts of the world.

Who's Who in Bank Advertising



G. PRATHER KNAPP

Publicity Manager Mississippi Valley Trust Company,
St. Louis, Mo.

MR. KNAPP was one of the original organizers of the Financial Advertisers' Association in Chicago, Illinois, in 1915. He has served as a member of the publicity committee, trust company division, of the American Bankers Association, for the past two years, during the inception and initiation of the National Co-operative Campaign for trust services. He has been a member of the publicity committee, St. Louis Chamber of Commerce, for several years past.

Mr. Knapp was born in St. Louis, Mo., and was educated at St. Louis University. He has been employed in the legal department of the Missouri Pacific Railroad, and the publicity department, St. Louis World's Fair. He was formerly vice-president of the Harvey Blodgett Advertising Company and is at present publicity manager of the Mississippi Valley Trust Company at St. Louis. Mr. Knapp is scheduled to speak at the meeting of the Financial Advertisers' Association at Atlanta, June, 1921, on "The Daily Newspaper—Its Use by a Bank."

Is Your Advertising Manager Your Advertising Manager—Or Your Victim?

By M. E. CHASE

WHAT DO I MEAN? Well, for instance, here is a little incident I got from Jones, a newspaper man, and a very capable ex-advertising man.

The First National Bank was running a full-page spread. Clark, the 'advertising manager,' came in with the proof.

"Mr. Blue Pencil, our president, says this set-up is rotten. He doesn't want the copy split up in two columns; says it should read straight across."

Jones asked Clark if he didn't know that wasn't the thing to do.

"I know, sure, but that's what Mr. Blue Pencil wants," Clark answered.

So Jones took the proof and Clark back to Mr. Blue Pencil. On the way over, Clark assured him he was wasting his efforts, as no one ever yet told Mr. Blue Pencil what was right and got by with it.

Jones began, "Mr. Blue Pencil, I took considerable pains to lay out this advertisement myself this morning instead of trusting it to the men in the composing room, and I think I can explain to you why this is better than your suggestion."

"Clark," said Blue Pencil sternly, "I thought we settled that a few minutes ago."

But Jones went on, "If you set this clear across the page, the reader will have to hunt for the next line each time—which he won't do—and which means it won't be read. A large display of this kind should be set up in two or even three columns for the same reason that news matter is set in columns."

Jones ventured to suggest that if he'd look into the reasons—but Jones got no further. Mr. Blue Pencil told Jones that he had more now than he could

properly look after. He said he hadn't time to bother with it longer and to follow his instructions.

"You see," Jones told me, "I had an advantage over that man Clark in that Mr. Blue Pencil hadn't it in his power to fire me, so I held my ground and the advertisement was run as submitted to get rid of me, I guess."

Now, you wouldn't expect a banker to understand the fine

points of advertising and display. But why in the world doesn't he make sure he is getting an advertising manager who knows his business and then let him earn his salary unhampered, instead of killing all the initiative in his man?

"I should worry, he's paying me and if that's what he wants, why ! !," is the way Clark feels. But every 'Clark' is a drone and a disgrace to the profession. It is because there are so many such Blue Pencils and Clarks that bank advertising is generally so much poorer than other advertising.

But not every advertising manager will permit himself to



Artistic cover of a statement folder.

become a 'victim.' A young chap in another bank got into the advertising quite by chance—and found he liked it. So he delved into the fundamentals. He also went out of his way to mix with advertising men in other lines to get their slant on the game. And the more he learned, the more he was convinced that his bank was on the wrong track for getting the best results, especially on their savings advertising.

So one afternoon about 3:30 he went to Mr. Blue Pencil with some quite different copy for the next savings folder. It was written in good English, but it was less formal than they had been using—it said less in praise of the bank and more to inspire a desire for getting ahead.

"No," said Mr. Blue Pencil, "that's not dignified enough for a bank of our standing." And there was no convincing him differently.

A few days later Mr. Blue Pencil called Brown into his office. "Brown, I'm going to give you a better job. You're too good a man to waste your time on the advertising. I guess Miss Olson (his stenographer) and I can manage that. Beginning Monday, we will open up another teller's window and will put you behind it."

"I certainly thank you for the promotion, but I'll have time for the advertising too," Brown told him.

He did—working nights. And Mr. Blue Pencil continued to turn a cold shoulder to every new idea he presented.

Finally, Brown left and went into a bank advertising company.

Not long ago Mr. Blue Pencil complained to me that he hadn't had a new idea in advertising presented to him since Brown left. He also said he hoped that Brown would decide to come back.

But Brown won't. He can't



The Fog Is Clearing Away

What has once been accomplished soon becomes the normal volume of business and we then pass on to larger achievements.

Few realize the large volume of business transaction in the City of Philadelphia. No reliable figures have heretofore been published and it will surprise many to read the following:

In 1919, Philadelphia produced in

Textiles	\$292,107,000
Leather & Rubber Goods	130,585,000
Paper & Printing Industries	146,510,000
Chemical & Allied Products	210,240,000
Clothing Manufacture	189,629,300
Food & Kindred Lines	283,531,000
Metals & Metal Products	366,780,000
Tobacco & Its Products	27,648,000

The grand total of these and other lines produced was \$2,626,834,000.

This does not include goods produced outside the city in the Great Metropolitan Philadelphia section.

The fogs all around are beginning to lift, and the business man will soon see his course clearly.

The Corn Exchange is here to co-operate with you in making Philadelphia even surpass its wonderful record.



CORN EXCHANGE NATIONAL BANK

Philadelphia

Chestnut at Second

For typographical balance and eye-pleasing symmetry this ad would be hard to beat.

afford to, for he is making twice what he was in the bank.

Certainly there are to be found advertising managers who really are what the little label on their desks indicate—but they are very few. In a city of 40 banks, I am told, there is just one bank advertising manager who really manages the advertising. His work shows it. He turns out honest-

to-goodness advertising. It's live stuff! It's human! It gets home! It makes you warm up to that bank. And their statements indicate it is bringing home the bacon.

Behind every campaign launched there is a well thought out idea—a purpose. There is distinction. One savings campaign was so distinctive as to startle even me. A lot of bank-


ers shook their heads. I was curious to know what the public thought of it, so I asked perhaps a dozen different people. Invariably the answer was, "Great stuff." That settled me. It was getting home with the people it was directed to.

On the whole, their advertising is dignified but not to the exclusion of being human; they use large space and good art work, but not extravagantly. The quality of their advertising competes ably with national advertisers appearing alongside of it.

Bankers and advertising men all over the country have their eyes on this bank's advertising. With many bankers, it registers, "almost thou persuadest me." With advertising men, it's "why don't more banks break loose and put out advertising with a 'come hither' in it?"

You can't expect to work a "presto change" on any spare clerk and get such an advertising manager. And a good bank executive seldom is competent to manage his advertising, for the reason that the qualifications for the two jobs are exactly opposite. Usually, the man poorest suited to the exacting routine of banking will make the best advertising manager.

Just what are the qualifications? There are so many. A bank advertising manager must know the banking business, of course. But a bigger qualification is knowing human nature—how to approach (in print) the big business man, the young man, the farmer, the woman, the child, and sell each on his bank. Then, he must understand the mechanical end of the advertising game, else he will waste large sums of money—how to keep a check on results, that works but doesn't overwork; how to buy printing, art work and engraving; how to time his campaigns. He must have judgment in choosing me-



Turn Your Idle Funds To Profit

Our special deposits of surplus funds on an interest or dividend account will allow rates of interest sufficiently liberal to justify you in holding your funds until you have found an advantageous investment.

Our certificates of deposit for either short or long terms are practical investments possessing numerous definite advantages.

Turn your idle funds into clean profit and increase the value of each dollar you have, by allowing us to add interest to your money. Rich men who were once poor began this way.

Money deposited in savings accounts or before the 15th of the month draws interest from the first.

UNITED STATES TRUST COMPANY
OF PATERSON, NEW JERSEY

An effective grouping of text and illustration.

diums so as to adequately reach the best prospects. He must be able to keep the force behind him with service to customers; to keep his assistant on the routine work, interested and efficient. He must have new ideas continually, and keep his copy buoyant.

What officer has time for all this 'on the side'? No, it's a real man's job all in itself—a very important one. In banks, the same as among business houses, this position is deserving of a well trained, well paid specialist.

But in hiring a man, first satisfy yourself that *that* is what you are getting. Then make him an honest-to-goodness advertising manager—not your victim. Give him an official title and invite him to sit in at your directors' meetings, (yes, this is being done), so that he can keep his finger on the pulse of your institution.

"Oh, but I can pass on to him anything that would have a bearing on advertising." Are you thinking just that?

You are wrong, excuse me,

for your advertising manager will get ideas out of your directors' meetings that you'd never see. You aren't trained to look for them, or recognize many good ones when they come along. And, too, if you endeavor to pass them on to him, he gets your impression, a second hand impression.

"Do you recommend that we turn a man loose—that we officers have absolutely nothing to say about how our institution shall be advertised," would you like to ask?

No—of course there should be an understanding as to the bank's advertising policy, amount of advertising appropriation — also frequent consultations, the same as with the head of any other department.

As to how the advertising appropriation shall be spent, what mediums used, the phrasing of copy, etc., etc.—that should be your advertising manager's job. He should understand this far better than you, Mr. Bank President.

And in closing, let me say that, if you hope to get the best your advertising manager is capable of producing, don't be afraid to pat him on the back occasionally. That's a great little aid to inspiration. And who needs it more than the man who is doing creative work?

Place a "Follow-Up" On Your Savings Account

You wouldn't think of entrusting an important business matter solely to your memory. Is it any more reasonable that you should trust to memory the matter of making regular deposits in your savings account?

In the future, matters of even greater importance than you can now foresee, may depend upon your balance in the bank.

We have worked out a plan which should help you. This plan not only serves to remind you when you should make deposits but it furnishes you a convenient method for making them. It saves trips to the bank.

Call, telephone or write for circular S-M which tells all about it.

Telephone Broadway 3474, Branch 110



FIRST WISCONSIN NATIONAL BANK
Milwaukee

A follow-up savings system.

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Allen, W. S., pub. mgr., Southwark Nat'l Bank, Philadelphia, Pa.
Anderson, R. I., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

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Bankers Magazine, The, New York.
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The Place of Foreign Trade Banks in Overseas Trade

By Dr. Charles Adams Holder

President Park-Union Banking Corporation

BANKING corporations organized for financing foreign trade in accord with the regulations of the Federal Reserve Board, if properly managed should be and will prove to be of inestimable value in furthering the foreign trade of this country. To gain their widest usefulness, their scope of operations must naturally be understood by the exporters and importers who can make use of their services, as well as by banks of the interior which may have money to invest in bills.

Banks operating under the National Bank Act may accept only up to 100 per cent. of their capital and surplus. Thus, in financing foreign trade, they are compelled either to restrict their operations or to use actual money which could and should be utilized in other ways.

Foreign trade banking corporations, on the other hand, may accept up to several times the amount of their capital and surplus since they do not have large liabilities in the way of deposits.

The foreign banks may receive only such deposits as are incidental to foreign trade, or such deposits as may be made in their branches in foreign countries. Against their deposits in foreign countries they carry such reserves as may be required by the customs and laws of the foreign countries in which they operate. At home they keep such reserves as is required by the Federal Reserve Board against their acceptance liabilities. Inasmuch as their deposits are relatively small, foreign trade banks must depend on their own capital and surplus for financing their business through their acceptance powers. Their value to the banking and commercial community, therefore, lies in their ability to supply a large source of credit for the furtherance of our export and

import business, which is so vital to this country.

Through their financing of foreign trade, they create acceptances for which buyers must be found in order that they may operate successfully. The soundness of such acceptances may be judged from the method of their creation.

For example, the foreign trade bank accepts a draft of an importer at ninety days sight to enable that importer to bring coffee, hides or some other commodity from a foreign country. Back of the acceptance stands the credit not only of the bank, but also the credit of the merchant along with the actual commodity which is being imported with the proceeds arising from the acceptance. The same is true where a bank accepts on behalf of an exporter. The proceeds of the acceptance in this case are used to pay an American manufacturer for his goods while they are being shipped to seaboard and transported across the ocean to their destination in a foreign country, the foreign buyer providing funds to meet the draft at maturity. During all this time the manufacturer and the merchant have been supplied with cash to finance the operation, instead of having to wait three, four, six or eight months as they formerly did, pending the return of funds to the United States from the foreign purchaser.

When a foreign trade bank accepts on behalf of a merchant, it or the merchant sells the acceptances to the so-called discount houses, who in turn dispose of them to other banks, corporations or private customers. The discount houses and the Federal Reserve banks have performed and are still performing a service of great value in making known to banks and other po-

tential bill buyers throughout the country the soundness as well as the satisfactory yield of bank acceptances from an investment point of view.

Before the establishment of our Federal Reserve System, London for years financed all foreign trade by the acceptance method and as a consequence has become the money center of the world. With the inauguration of the acceptance plan in this country, not only has dollar exchange become widely known, but it has become at least of equal importance with sterling exchange. Much trade that was formerly of necessity financed through London by sterling credits is now financed in the United States by dollar credits, with the consequent saving to the American manufacturer and American consumer.

Foreign trade banks have several advantages to offer. Being smaller, more individual attention can be given to each transaction. The officers of the foreign trade banks being practically specialists and interested almost solely in financing exports and imports, it may be taken for granted, are more familiar with the markets of the world, commodities, supply and demand and current prices, than is the personnel of the average bank. They can, accordingly, expertly guide their customers in transactions which may be trivial or large, but which nevertheless form the only basis for the transaction of their business.

Most foreign trade banks have the additional advantage of having their own branches in foreign countries which keep them conversant with foreign conditions, foreign markets and foreign prices. Through these branches they can most satisfactorily follow up the ultimate disposal of goods or the collection of drafts or other evidences of indebtedness. So, too, in case goods are refused by the foreign buyer, these foreign branches are better able to dispose of the goods than if they are left to the mercy of an alien bank acting merely as an agent. Likewise, the foreign branches are also of great value

in affording the merchant in foreign countries a market for his bills upon the United States and particularly in offering to the merchant in the United States a source of credit information which cannot be approached by any bank not having its own branches.

No new plan or enterprise ever operates successfully in every particular without a loose joint developing here and there. Some of these loose joints have already been discovered and corrected by the loyal coöperation of the Federal Reserve Board. Others no doubt will develop from time to time and will be remedied. For example, at present there is a discrepancy in the rates of discount between eligible bills of member banks and eligible bills of non-member banks, which is entirely arbitrary, unnecessary and unjust. There should be no difference in these bills as long as both are prime and eligible. The rate should depend upon the credit of the bank and not upon the fact that one bank is a member and the other is a non-member. Foreign trade banks are precluded by law from becoming members of the Federal Reserve System.

The foreign trade banks should eventually become banks for foreign exchange having at their disposal incoming and outgoing bills in sterling, francs and other foreign currencies.

As time goes on more and more foreign business will be directed to foreign trade banks, especially established to take care of it.

Ample reserves are required by the regulations of the Federal Reserve Board to protect the acceptances of these banks and if typical instances of how foreign trade financing is done by way of acceptances were constantly brought before the public, it would not be very long before these acceptances, with their unusual security, their definite period of repayment and convenient amounts, which may be from five to one hundred thousand dollars or more, would eventually make them a strong and valuable factor in the development of our trade with other countries.

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American Express Company Expanding Abroad

A DECIDED change for the better in the underlying conditions governing business throughout the world is reported by the American Express Company, following a careful survey in all parts of the world. So optimistic are the officials of this company that during the last year twelve new offices were opened in ten different countries.

According to H. K. Brooks, vice-president, it is the intention of this company to open other offices in important financial centers throughout the world as rapidly as conditions warrant expansion.

"In celebrating this year the eightieth anniversary of the founding of the American Express Company, and the thirtieth anniversary of its activities in the international field, particularly as relates to banking, shipping and foreign trade, we look forward with great confidence to the development of American

business in all parts of the world," said Mr. Brooks.

"The United States is in an enviable position, whereby it may develop new trade relations with countries which heretofore carried on most of their international operations with others. The United States, being the largest creditor nation, has the funds to finance a huge export trade, it has the goods to supply whatever demand there is and it has developed an export organization that needs only to be put upon a permanent basis in order to make this country the great leader of the world's commerce.

"In the past year we opened new offices in Edinburgh, Scotland, Brussels and Ostend, Belgium; Gothenburg, Sweden; Barcelona, Spain; Zurich and Lucerne, Switzerland; Nice, France; Cairo, Egypt; Valparaiso, Chile; Montevideo, Uruguay, and Kobe, Japan.

These offices were opened to handle the business requirements of our clients and in order to develop new business for them. This, in itself, is the best answer we can give as to our opinion on the business outlook. We believe that before the end of 1921 the inter-

national business world will be a long way on the road to recovery from the effects of the war, and that American business will have made new connections which will be of inestimable value to our foreign prosperity in the coming years."



Bargaining Provisions in Tariff Act Urged

THE tariff committee of the National Foreign Trade Council has presented a brief to the ways and means committee of the House of Representatives at Washington urging the inclusion of bargaining provisions in the next tariff act.

"The tariff policy of the United States should be based on the principle that only countries granting our products the same treatment granted similar products imported from other countries are entitled to equal treatment in our markets," states the brief. "Experience has shown that such equality of treatment can never be secured by the United States without provisions in our tariff which will discourage discrimination by foreign countries against American products. Discrimination may be prevented either by levying additional penalty duties on goods coming from countries which discriminate against American exports; or by granting concessionary reductions of duty on goods coming from countries which do not discriminate against us; or by a combination of both policies.

"All the countries of the world are at present inspired by feelings of in-

tense nationalism. Such sentiments inevitably lead to attempts to foster local products and industry, and to keep out the agricultural products and manufactured goods of other countries.

"It is significant that this raising of tariff or preference barriers against American products is coming at a time when the ability of the United States to secure equality of treatment without bargaining is lessened by the decreasing ability of the United States to export essential foodstuffs and raw products, and by its increasing need to market abroad manufactured products of a competitive nature.

"Many discriminations cannot be reached at all unless, in the administration of the bargaining tariff, the penalty can be fitted to the offense. The law should be sufficiently inclusive to enable the President to prevent not merely open discriminations but also discriminations more or less concealed in customs regulations, transportation rates, sanitary provisions and even in classification, where the effect is to place a distinctly American product at a serious disadvantage in competition with substitutes."



American Help Needed to Rehabilitate Europe

THAT the industrial interdependence of the trading nations of the world places an inescapable responsibility on the United States as the principal creditor nation and has a vital bearing on the future progress of our

foreign business is emphasized by the Guaranty Trust Company of New York in the current issue of "American Goods and Foreign Markets," its semi-monthly international trade survey.

"American industry can compete suc-

cessfully with that of any other country," the bank says, "and if we are to develop and maintain adequate markets for the vast surpluses of our fields, factories and mines we must fearlessly invite and even foster this competition by strengthening foreign productive machinery.

"America's machinery for financing foreign trade has been greatly expanded during the last three years. Corporations for foreign trade now in operation have aggregate capital and surplus of more than 60 million dollars and organizations announced since the first of this year, including the Foreign Trade Financing Corporation, propose to add more than \$120,000,000 of capital and surplus to this figure. This preparation for the future of America's foreign trade has been accompanied by a rapid growth of the market for acceptances, about 5 billion dollars worth of which were used during 1920.

"The United States cannot, of course, effect any immediate and direct cure for Europe's economic and industrial ills. This country is, however, in a better position than any other force in the world to take stock in Europe's industrial future, to assist her in regaining her former productive efficiency, and thereby lay the foundations for fu-



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ture expansion on a sound basis for our business in those most important markets."

Exports Decreased

ASHRINKAGE of \$67,700,000 occurred in American export trade in January in comparison with January, 1920. Imports for the month fell off \$265,000,000, as compared with the same month last year. Compared with December, the January exports decreased \$64,500,000 and imports \$57,100,000.

Exports in January totaled \$655,000,000; imports, \$209,000,000, the smallest in any month since February, 1918. The trade balance in favor of

the United States for January was \$446,000,000.

Imports during the seven months' period ended with last January were valued at \$2,543,000,000 against \$2,768,000,000 in the corresponding period the year before. Exports in the seven months at \$4,638,000,000 compared with \$4,585,000,000 in the corresponding period.

Imports of gold amounted to \$38,000,000 in January and to \$342,000,000 in the seven months. Gold exports

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showed a large drop, amounting to only \$3,000,000 in January, as compared with \$48,000,000 in January, 1920. In the seven months the total was \$130,000,000 as compared with \$319,000,000 in the corresponding period the year before.

Imports of silver fell for the seven months and were \$37,000,000; exports of silver, \$38,000,000.

Great Britain

THE SHRINKAGE IN FOREIGN TRADE

A British financial writer in the *New York Times* has the following to say about the great reduction in England's foreign trade:

"January's shrinkage in foreign trade values has been exceeded by the returns

for February. In value the February imports declined 43 per cent. from last year, exports 20½, re-exports 64½ and total exports 30. The feature in imports is the reduction of £54,000,000 in raw materials imported, of which decrease £39,000,000 was due to raw cotton. From America alone we received last month only one-third of the quantity imported in February, 1920, while the value was £4,685,000 against £28,260,000. Another heavy decline was £6,000,000 in oil and seeds. Rubber fell nearly £2,000,000. In exports the chief decline was £5,500,000 in coal, £3,584,000 in cotton yarns and other cotton manufactures and £3,215,000 in woolen and worsted yarns.

"In considering imports, however, it is necessary to remember that last year's foreign purchases of cotton by England were exceptionally large. But the whole reduction in values of the February foreign trade must be judged in the light of the fact that average prices of commodities were approximate-

ly 25 to 30 per cent. lower than a year ago.

"The scheme for levying a duty of 50 per cent. on all imports of German goods into allied countries is viewed with favor in principle here, but business circles are very doubtful whether the levy would be practicable. England's imports from Germany are now at the rate of about £50,000,000 per annum and the amount has been steadily rising. Those imports consist at the present time principally of woolen and worsted tissues, chemicals, and to smaller extent sugar, wood-pulp, paper, clocks and watches and leather goods. Exports to Germany comprise fish, undressed hides, woolen and worsted yarns, cotton yarns and piece goods; the trade in the last named goods being considerable. Many articles of pre-war trade have, however, not yet re-established the international movement.

Outstanding currency notes this week are reported as £335,608,319, against £339,116,446 a month ago, £367,625,882 at the end of 1920, and £328,190,000 a year ago.

GOVERNMENT MOVES FOR CHEAPER MONEY

The British Government has taken the first steps toward cheapening money by reducing the rate on Treasury bills from $6\frac{1}{2}$ to 6 per cent. The $6\frac{1}{2}$ per cent. rate had been in force since April of last year and in the intervening period unparalleled stagnation had fallen upon trade. The feeling is that the reduction should have a stimulating influence upon the financial market. It is expected that the prices of fixed interest bearing securities will tend to rise, a development which will render easier the carrying through of any funding operations by the government later on. Meantime money locked up at present in Treasury bills should be released for more profitable employment in trade.

That the reduction should have been only one-half of 1 per cent. indicates the government's purpose to proceed

Serving America's Second Sea-Port

New Orleans, the gateway to Latin America through the Mississippi Valley, is second only to New York in its volume of international business.

The city is destined to continue its growth as a great American port.

This bank has grown with New Orleans since 1870, and because of its long experience and broad service, is well prepared to handle *your* Southern business economically and efficiently.

Hibernia Bank & Trust Co.

MEMBER AMERICAN BANKERS ASSOCIATION

New Orleans

cautiously in lowering the value of money. The action was rendered easier by the fact that revenue is flowing in at a rapid rate, so that the exchequer will not be embarrassed if demand for Treasury bills should decrease owing to the reduction in rate.

BANK OF IRELAND REPORT

The recent annual report of the Bank of Ireland throws some light on the question of how business conditions and financial operations in Ireland have been affected by the Sinn Fein warfare. The bank itself prospered fairly well in the last half of 1920. Its loans increased £1,702,000 and its deposits £2,307,000, while a decrease in the note issue is ascribed to "the dislocation of fairs and markets, consequent upon the absence of transport facilities, which reduces the demand for currency,

THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized and Subscribed . . . \$15,000,000 (£3,000,000)

Capital Paid-up . . . 5,250,000 (£1,050,000)

Reserve Fund and Undivided Profits . . . 5,730,000 (£1,146,000)

BANKERS: Bank of England; London Joint City and Midland Bank (Limited)
Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application.

On current accounts interest is allowed at 2 per cent. per annum on daily balances.

NEW YORK AGENCY, 64 Wall Street

and the tendency in present conditions to use checks in preference to notes wherever possible."

The bank report adds, however, some rather cautious comment on the Irish situation as affecting banking.

"It will be within the knowledge of all present that, for many reasons, banking operations in general in Ireland have been conducted for some time past under exceptional difficulties, apart altogether from the uncertainties of transport. You will have seen from announcements in the public press that we have suffered losses at two of the branches, where the staff was held up during business hours by armed men, who removed cash amounting to £4,000, none of which has been recovered. We greatly regret that our officers should be exposed to such trying experiences.

"There is cause for disappointment also in some features of the harvest results in Ireland for last year. There has been a notable decline in the acreage under tillage, and the product, in the case of potatoes, wheat and oats has been noticeably below the average. Prices, on the whole, have been quite remunerative for the farmer. The grazier has been benefited throughout the year by the high values which have ruled for live stock, and, while prices cannot be expected to continue at the present level, Ireland is fortunate, in view of the present market shortage of meat in Europe, in having conserved practically intact the pre-war quantity of cattle."

France

FRENCH FINANCING PLANS

The Banque Nationale Française du Commerce Extérieur has opened negotiations with the French Ministry of Commerce for forming an organization for financing exports to countries with a low rate of exchange. The plan provides for long term credits to these countries with the aid of the French Government.

According to a recent cablegram from the Paris Office of the Guaranty Trust Company, the Minister of Finance has officially denied reports of a capital levy for France. His statement that "a capital levy would mean the liquidation of all private property" is generally accepted as indicating definite settlement of the question by the Government.

The Ministry of Liberated Regions has paid a total of nearly 20 billion francs for reconstruction of the devastated territory. In addition, other ministries have spent approximately 5.6 billion francs, used chiefly for the reconstruction of railroads. Among the largest items are loans and advances of 11.5 billion francs, and purchases made by the State amounting to more than four billion francs. The new Minister of Liberated Regions plans to finance the reconstruction by the flota-

Import and Export Shipments Financed

FOREIGN CREDIT CORPORATION

Acceptors and International Bankers

30 PINE STREET NEW YORK

Capital \$5,000,000

Surplus and Undivided Profits \$1,629,736.91

Under Supervision of Federal Reserve Board

STOCKHOLDING BANKS: Guaranty Trust Company of New York;
Chase National Bank, New York; Central Union Trust Company, New
York; Liberty Securities Corporation, New York; Philadelphia National
Bank; Shawmut Corporation of Boston.

tion of various loans, the proceeds of which will be devoted to specific industries. A loan of 800 million francs to assist the collieries will be floated this month, and other loans for steelworks, sugar mills and breweries will follow. The loans will be offered in foreign countries, as well as in France. The minister intends to offer in London loans totalling 560 million francs for the cities of Rheims and Verdun. He believes that the French public can absorb about 10 billion francs of these various loans in the next few months.

NEW DEVELOPMENT PROJECTS

Sixty-seven new organizations, with nominal capital of 264 million francs, for development of French Colonial enterprises are listed in the latest directory of L'Union Coloniale Francaise. The new enterprises are those promoted

since the armistice, including the bank authorized by the government, with capital of 100 million francs, to assist commerce with the French Colonies.

Details received by the Bankers Trust Company, of New York, from its French information service, indicate that there are six new banking institutions capitalized at 130 millions; four shipping companies, with 20½ millions capital; fifteen enterprises to promote export and import trade, capital 28 millions; and forty-two commercial, agricultural and industrial enterprises capitalized at 85 millions. Among the largest are a 15 million franc company for stock-raising in Madagascar, a 10 million franc shipping company organized principally for the Moroccan trade, an importing and exporting concern, capital 7 millions, specializing in Abyssinian trade, and a company with 6½ millions capital for development of the flour-milling industry in Morocco.



BANCO DI ROMA

ESTABLISHED 1880

HEAD OFFICE: ROME, ITALY

Capital and Surplus . . . \$43,000,000.00
Resources . . . \$650,000,000.00

[Five Lire = One Dollar]

BRANCHES IN ITALY

Alba	Castiglione Fiorentino	Lecco	Pontedera
Albano Laziale	Catania	Legnano	Popoli
Anagni	Cecina	Lucca	Portoferraio
Andria	Celano	Luserna	Porto S. Giorgio
Anzio	Centallo	S. Giovanni	Potenza
Aquila	Ceva	Marciana Marina	Pratola Peligna
Arcidosso	Chiusi	Merano	Rapallo
Arezzo	Citta'di Castello	Mercatale	Reggio Calabria
Asoli Piceno	Colle Val d'Elsa	Messina	Rivarolo Canavese
Assisi	Como	Milan	Rocchetta Ligure
Averza	Cornigliano Ligure	Modica	Rome
Averzzano	Cortona	Mondovi	Rovigno
Bagni di Lucca	Cotrone	Leghorn	Salerno
Bagni di Montecatini	Crema	Monteleone di	S. Benedetto
Bari	Cremona	Cakabria	del Tronto
Bastia Umbra	Cuorgne'	Montesampietrangeli	San Severo
Benevagienna	Dogliani	Monte San Savino	Santa Maria
Bergamo	Fabiano Fermo	Monte Urano	degli Angeli
Bibbiena	Fiesole	Montevarchi	Saronno
Bisceglie	Figline Valdarno	Naples	Segni-Scalo
Bologna	Florence	Nardo'	Siena
Bolzano	Foggia	Nocera Inferiore	Siracusa
Borgo a Mozzano	Foliano della Chiesa	Norcia	Squizzano
Bra	Folligno	Novi Ligure	Tagliacozzo
Brescia	Forte del Marmi	Oneglia	Terranova di Sicilia
Cagliari	Fossano	Orbetello	Tivoli
Caltagirone	Frascati	Orvieto	Turin
Camaloro	Frosinone	Orzinuovi	Torre Annunziata
Campiglia Marittima	Galliano	Pagani	Torre del Passeri
Canale	Gallipoli	Palermo	Torre Pellice
Canelli	Genoa	Pallanza	Trento
Carate Brianza	Giugliano in	Parenzo	Trieste
Carloforte	Campania	Pladena	Velletri
Carru'	Grosseto	Pietrasanta	Viareggio
Casalbuttano	Gubbio	Pinerolo	Viterbo
Castellamonte	Intra	Plombino	Volterra
Castelnuovodi	Ivrea	Poggibonsi	
Carfagna	Lanciano	Pontecagnano	

COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

France: Paris, Lyon. Spain: Madrid, Barcelona, Tarragona, Montblanch, Barias
Biancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano. Turkey:
Constantinople. England: London (Representative) Malta. Asia Minor: Smyrna, Scala-
nova, Sokia. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem,
Caiffa, Jaffa.

AFFILIATED INSTITUTION IN EGYPT

Banco del Levante—(Capital £1,000,000)

Alexandria	Monsourah	Beni Soueff	Fashn	El Chelkh	Minieh
Cairo	Tantah	Bibeh	Fayoum	Magagha	Mit Gamr
Porto Said	Beni Mazar	Dessouk	Kafr	Mehalla Kebira	Zagazig

Representative for United States and Canada

RODOLFO BOLLA, 1 Wall Street, New York

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital and Reserves . f105,000,000

Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

Italy

BANCO DI ROMA OFFICIAL REVIEWS CONDITIONS IN ITALY

Rodolfo Bolla, who is in New York as the representative of the Banco di Roma for the United States and Canada, gives the following interesting account of present conditions in Italy:

"During the war Italy gave full proof of her energies, endurance, organization and technical skill. Emerging from the war, the Italians are today full of energy to work. They are good organizers and administrators, and a population endowed with these gifts and willing to work will come out victorious from the present inevitable world crisis due to the prolonged war.

"Although the war has cost Italy an enormous amount of money, still the



RODOLFO BOLLA
In New York for Banco di Roma

Bank of British West Africa

Head Office, London



BRANCHES IN

Liverpool
Manchester

Egypt
Morocco

Canary Islands
West Africa

Exceptional Facilities for France and Belgium
Bills of Exchange Bought and Sold
Commercial Letters of Credit Issued
Travellers Letters of Credit

**Paid Up Capital, Reserve, and
Undivided Profits Over \$9,000,000**

**NEW YORK AGENCY
100 Beaver Street**

R. R. APPLEBY and ROWLAND SMITH, Agents

中 法 實 業 銀 行

Banque Industrielle de Chine

Capital Subscribed . . . Francs 150,000,000
 Capital Paid Up . . . " 75,000,000
 Surplus and Reserves . . . " 104,000,000
 Deposits " 1,120,000,000

The Chinese Government owns one-third of the Capital

HEAD OFFICE: PARIS

74 Rue St. Lazare

Central Office, Far East: Peking

BRANCHES AND AGENCIES:

EUROPE

Paris
Lyons

Bordeaux
Marseilles
London
Antwerp

INDO-CHINA

Saigon
Haiphong

Hanoi

Pnom-Penh

STRAITS SETTLEMENTS

Singapore

CHINA

Peking
Canton
Foochow
Hankow

Hongkong
Swatow
Shanghai
Tientsin
Tsinanfu
Yunnanfu

JAPAN

SIBERIA

MANCHURIA

DUTCH EAST INDIES

UNITED STATES

Yokohama

Vladivostok

Mukden

Batavia

New York

The New York Agency of this bank is equipped to extend every facility for banking service between the United States and foreign countries

New York Agency - - - 27 Pine Street

O. J. THOMEN, Agent.

revenue of the Italian treasury is gradually increasing, while the government expenditure has a firm tendency toward decreasing. This will continue to be more so now that special financial provisions are being adopted.

"The capital invested in Italian industries is today 140 per cent more than it was during the period before the war. This proves the full confidence of capitalists in Italian skill and labor. Italian industry, besides having increased in financial strength, has reached perfect technical development, thus assuring future success in fair international competition.

"Agriculture is another problem which has been solved by the adoption of more modern systems of cultivation and more extended use of agricultural machinery. By intensifying the production of her rich soil Italy is able to meet more and more every day the requirements of her increasing population, thus limiting her imports.

"The savings of Italy are constantly

increasing, and this is proved by statistical schedules of government and private banking institutions, savings banks, rural banks, co-operative banks, and postal savings banks."

Mr. Bolla terminates by stating that the leading Italian banks, aware of the present situation and of the necessity for commercial exchange between Italy and other countries, are continually organizing new agencies in North and South America, in England, in France and in other important centers, with the aim of keeping themselves directly in contact with the principal money and stock markets of the world. In Eastern Europe, in the Balkans, in Asia Minor, on the Mediterranean coast of Africa, where the Banco di Roma is a pioneer, Italian banks represent civilization, culture, progress and economic prosperity.

Mr. Bolla has opened offices for the Banco di Roma at 1 Wall Street. The formal business opening will be about May 1 at that address.

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .

Capital paid up . . .

Reserve Fund



(\$0.50=1 Yen) . . Yen 100,000,000

. . Yen 100,000,000

. . Yen 50,000,000

Branches and Agencies

Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
Bombay	Dairen	Hongkong	Lyons	Peking	Shimonoseki	Tokyo
Buenos Aires	Fengtien	Honolulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Soerabaya	Vladivostok
Changchun	Hankow	Kobe	Newchwang	Saigon	Sydney	

Agencies in United States

New York

San Francisco

Los Angeles

Seattle

This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE

120 BROADWAY

R. ICHINOMIYA, Agent

Central Europe

POLISH FUND TRANSMISSION PLANS

Arrangement for the safe transmission of funds to Poland has been made by two banking organizations, one British and the other American.

The Guaranty Trust Company of New York announces the signing of a contract between the Polish Government and the bank whereby the latter will act as agent for the government in forwarding dollar remittances to Poland. All remittances are to be made on official Polish government forms and in event of non-delivery, due to changed or erroneous address or other causes, refund will be made of the full amount of dollars remitted, less a nominal service fee.

The minister of finance of Poland has

also agreed to utilize a fair proportion of the dollar "cover" for these transactions in the purchase of American goods, or for the liquidation of Polish accounts in the United States, so that, in addition to the improved service, an advantage will accrue to American manufacturers and exporters by the use of a part of the funds deposited for remittance to Poland.

The British Overseas Bank, Limited, London, also has announced a plan for obviating money transmission difficulties with Poland. The London institution recently established the Anglo-Polish Bank, Limited, through which the remittances are to be made. No commission will be charged American banks for these services.

Under the workings of the plan they may issue sterling drafts on the Anglo-Polish Bank, Limited, by advising the British Overseas Bank, Limited, of the issue, and forwarding sterling remittances to cover. Drafts in American dollars may be issued on the Warsaw

Bank for account of the British Overseas Bank, Limited, under the same conditions as sterling drafts, except that in this case the cover will be remitted to the British Overseas Bank's correspondent, the National Bank of Commerce in New York.

To issue drafts in Polish marks will necessitate the American bank's opening an account with the Anglo-Polish Bank, Limited, and maintaining a credit balance in Polish marks there. In case the American bank finds difficulty in obtaining cover in marks for its sales, the British Overseas Bank, Limited, will furnish remittance on Warsaw by mail or cable.

The British Overseas Bank, Limited, advises that at the present time the Polish Treasury is considering a scheme for dealing with foreign remittances through a central organization in Warsaw. Some time must elapse before such a proposition can take definite shape, and the services of the London bank and its affiliated institution in Warsaw are intended to relieve American needs pending such developments. They are available to all American banks on application either to the London bank or to the National Bank of Commerce in New York.

POLAND BECOMING STABLE

"Poland is now in a state of peace with her neighbors, which fact will give a new impetus to her production," writes a Polish correspondent to the Economist, London. "The conditions of external and internal stability of the country are becoming better every month; the unification of Poland is progressing and the great task of fiscal equilibrium will be accomplished in the next year."

TRADE IN CZECHO-SLOVAKIA

The lately estimated total import trade of Czecho-Slovakia in 1920 was valued at 12,400,000,000 crowns, as against 6,555,000,000 crowns in 1919. Exports in 1920 are estimated at 13,-

PARK-UNION FOREIGN BANKING CORPORATION 58 Wall Street, New York

THE total resources of this Bank are over twenty-two million dollars. Our Foreign Exchange Department is taking care of the foreign exchange business in sterling, francs, lire and marks as well as Scandinavian, Central European and Far Eastern exchange for over two hundred banks within the United States, for many foreign banks and commercial firms. This enables us to offer unsurpassed facilities for buying and selling foreign exchange.

Capital (fully paid) - \$4,000,000
Surplus and Undivided
Profits - - - \$621,000

OFFICERS

CHARLES A. HOLDER - President
T. FRED ASPDEN - Vice-President
E. B. MACKENZIE - Sect'y & Treas.

220,000,000 crowns, leaving an excess in exports over imports for last year of 780,000,000 crowns. In 1919 the exports were 5,323,000,000 crowns and the excess of imports over exports was 1,231,000,000. The Czecho-Slovakian crown is worth nominally 20 1-3 cents in American money, but its present exchange value is slightly less than 1 1-3 cent.

Latin America

SENATOR FALL OUTLINES PROBABLE MEXICAN POLICY

A letter from Senator Albert B. Fall of New Mexico to the National Association for the Protection of American

美國友華銀行

Above is
the "chop"
(trademark)
registered
in China by
Asia Banking
Corporation

Asia Banking Corporation

Head Office

35 BROADWAY NEW YORK

San Francisco Office

301 CALIFORNIA STREET

(Robert Dollar Building)

Capital \$4,000,000

Surplus and Undivided Profits more than \$2,000,000

An American Bank
for Trade with the Orient

Branches in the Far East

HANKOW
PEKING
CHANGSHA

SHANGHAI
HONGKONG
TIENTSIN

MANILA
CANTON
SINGAPORE

This Corporation invites conferences with those desirous of entering into trade relations with China or other sections of the Orient, as well as with firms who wish to extend their business with those countries.

Rights in Mexico is believed by many to outline briefly the position which will be taken by the administration of President Harding in dealing with that country. This belief is strengthened by the fact that Senator Fall has since become a member of the Harding cabinet as Secretary of the Interior.

The points which this government may be expected to insist upon preliminary to recognition of any government in Mexico are outlined as follows in the Fall letter:

"First: That an agreement should be reached for the appointment of a commission to ascertain the damage, if any, done to Americans and American property in Mexico, and, reciprocally, the damage, if any, to Mexicans or Mexican property in the United States.

"Second: The appointment of another, or the same, commission to settle any disputes as to boundary and matters of like character between the two countries, and with particular reference to the 'Chamizal Zone', at El Paso, Tex., and the Colorado River Irrigation systems, etc.

"Third: That Article 27, or any decree

or law issued or enacted thereunder, should not apply to deprive American citizens of their property rights theretofore legally acquired; that clause with reference to the teaching in schools by ministers of the gospel; to the preaching of Christianity by Americans, and like clauses should not be enforced against American citizens.

"Fourth: Agreements for the protection of American citizens and their property rights in Mexico in the future.

"Fifth: That the agreement so arrived at shall be written down in the form of a protocol or preliminary agreement, with the express declaration that same shall be embodied in a formal treaty between the two countries so soon as a Mexican Government is recognized.

"The last paragraph, that is paragraph 'Fifth' of the foregoing recommendations, is that upon which apparently negotiations have halted. Either no representative of the Mexican Government has been empowered to sign any such memorandum of settlement, or the persons now holding office in Mexico do not desire to enter into written agreements prior to recognition.

"I regard such written agreement as absolutely essential as a prerequisite to recognition, particularly for the reason that it will stop Mexico from appealing to Latin America should any question of dispute

Exchange Business



WE are in the market for the purchase or sale of Bills of Exchange and through our branch in London, England, and our NEW YORK AGENCY (16 Exchange Place), we are in a position to transact business of this nature at the most favorable rates.

The Canadian Bank of Commerce

Paid-Up Capital \$15,000,000

Reserve Fund \$15,000,000

Total Assets—Over 480 Millions

(30 November, 1920)

thereafter arise between this Government and Mexico. So long as I have anything to do with the Mexican question no government in Mexico will be recognized, with my consent, which government does not first enter into a written agreement practically along the lines suggested.

"Should such government, or any government, refuse to enter into such agreement, then the question would arise as to whether the United States should simply pursue a silent policy of inaction or whether it should take immediately other action directed to the protection of Americans and their interests in Mexico, and the restoration to full property rights of all Americans who have been driven from that country.

"It is for the Mexican people, themselves, to display a desire and to exhibit some evidence of sincerity in carrying out a policy through the establishment of a government there which will earnestly attempt, in a friendly way to deal with the other peoples of the world as a self-respecting government of one nation should deal with the governments of other nations."

Senator Fall stated in his letter that the Senate committee which considered the matter suggested that if the five points be agreed upon by the Mexican

government in writing, financial aid should be extended immediately to Mexico, preferably through a national loan from the United States to that country, and in sufficient amount to enable it to refund all its outstanding indebtedness and to rehabilitate its railroads.

MEXICAN BANKS RETURNED TO OWNERS

Charge D'Affaires G. T. Summerlin at the City of Mexico has cabled that an executive decree provides for the return to their owners of the banks declared in liquidation by the executive decree of December 14, 1916. This decree establishes the conditions under which the banks in question may resume operations or be liquidated, depending on their financial conditions. The most important banks affected and the amounts of paper money for each in circulation are: Banco Nationale de Mexico, 32,571,969 pesos; Banco de Londres y Mexico, 26,256,141 pesos; and Banco

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

BRANCHES IN COLOMBIA:

Bogota
Bucaramanga
Cartagena
Cienaga

Cucuta
Girardot
Honda
Magangue

Medellin
Ocana
Riohacha
Santa Marta

Distinctively efficient service rendered to financial institutions, corporations, merchants, manufacturers and individuals requiring a Colombian connection.

International banking business of all descriptions transacted.
The agency of foreign and Colombian banks undertaken.

Telegraphic Address: Dugandbank, Barranquilla

Oriental, 21,831,349 pesos, and Banco Minero de Chihuahua, 8,001,619 pesos.

South America

BUSINESS SLUMP REPORTED

From Argentina, Chile, Uruguay and other South American centers, the branches of the Anglo-South American Bank, Limited, report business to be greatly restricted, according to Frederick C. Harding, agent in New York.

While improvement has been noticed in some lines, this improvement has been confined to comparatively few classes of products. In Buenos Aires, however, it is stated that the supply of money is increasing and money rates show a tendency to decline though discount and loan quotations are none too easy.

The labor situation has been particu-

larly restrictive in the Argentine, and while it is rumored that the threatened general strike will not materialize the labor situation is far from satisfactory. The steamship services with the South Coast, which have been suspended as a result of the trouble with the workmen, have been resumed. Rosario, however, reports business conditions generally good, owing to a plentiful harvest and satisfactory prices.

In Chile wholesale houses are doing a retail trade in order to reduce stocks. Improvement in the exchange situation is noted, however, due to placing a government loan for \$24,000,000 with New York bankers.

In Uruguay money is said to be plentiful, but there is little demand, while in Peru the markets are completely paralyzed, excepting sugar which has been supported by sales to the British Government.

Conditions in Mexico are said by Mr. Harding to be very much improved, but are still far from satisfactory owing to



Banking Service in the Far East

BRANCHES

BURMA

Rangoon

CEYLON

Colombo

CHINA

Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

FRENCH

INDO-CHINA

Haiphong
Saigon

INDIA

Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras
Tavoy

JAPAN

Kobe
Yokohama

JAVA

Batavia
Sourabaya

SIAM

Bangkok
Puket

SUMATRA

Medan

PHILIPPINES

Cebu
Iloilo
Manila

MALAY STATES

Ipoh
Klang
Kuala Lumpur
Penang
Seremban
Singapore
Taiping

Chartered Bank of India Australia and China

Head Office
London

New York Agency, 88 Wall Street
William Baxter, Agent

Capital and Reserve
Over \$24,000,000

lack of railroad facilities. The shortage of cars is so serious as in some cases to require four months to transport imported goods from the ports to Mexico City. In many instances importers who have bought goods on 90 days' sight have had to pay for goods which had not yet arrived. As a consequence they not only find themselves short of funds, but stand to lose heavily as a result of the drop in prices between the date of payment for their goods and their actual receipt.

ACTION ON COLOMBIAN TREATY SOON

The United States Senate has reached an agreement to vote on the treaty with Colombia on the eighth day of the extra session of Congress. This, it was expected, would begin April 4. Instead of the payment of \$25,000,000 gold to Colombia within six months of ratification, as the original treaty provided, the new draft provides for the payment

of \$5,000,000 in each of five installments, the first in six months after ratification, and the other four in annual payments.

Far East

BUSINESS CONDITIONS SLIGHTLY IMPROVED

A slight improvement in business conditions in the Far East, the first rays of promise seen in that part of the world for months, is reported by William N. Enstrom, vice-president of the Irving National Bank of New York, who has just returned from an extended trip in the Orient. In China, Japan and the Philippines, Mr. Enstrom said, bankers and leaders in commercial activities believe that the business trend from now on will be upward. The situation

Judgment based on facts

The difficult period of readjustment through which we have been passing has its reflection in our business relations abroad. The slump in our own markets for coffee, hides, wool, for even such purely domestic products as wheat, cotton and steel, has a depressing effect the world over.

A period of readjusting values compels careful and trained judgment based on facts. Today, as never before, our foreign trade demands the same care and attention which we readily bestow on our domestic business.

No one realizes more clearly the necessity for positive knowledge of current conditions abroad than the American bank with close foreign connections through branches and affiliations. This bank keeps in close touch with business movements abroad through the medium of trained observers here who are in constant communication with its foreign organization. The specialized knowledge of these men constitutes one of the most valuable phases of the bank's service at the present time.

This bank welcomes an opportunity to furnish information on the trend of business and financial conditions in Latin America, France, Spain and Germany.

MERCANTILE BANK OF THE AMERICAS

An American Bank for Foreign Trade

44 PINE STREET ~ NEW YORK

New Orleans

Paris

Barcelona

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Affiliated Banks in

Argentina

Brazil

Colombia

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Cuba

Honduras

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Peru

Venezuela

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus

\$14,937,988.98 Argentine Gold

equal to \$14,413,343.28 American Gold

We Specialize in the Investment of Foreign Capital in State, Mortgage, Industrial and Public Utility Bonds and Shares

Money on Mortgages Placed Direct

BANKING TRANSACTIONS OF ALL KINDS

We Handle Foreign Exchange and Give Prompt and Careful Attention to the Collection of Drafts

We will be Pleased to Serve You in All Business Relations with the Argentine and Contiguous Countries

CORRESPONDENCE IN ALL LANGUAGES INVITED

still is far from good, but to some extent merchandise is moving again.

Mr. Enstrom left New York in September. In Japan, he visited the cities of Yokohama, Tokio, Nagasaki, Osaka, Kobe, Kyoto and Shimonoseki, all centers of manufacturing or trading industry, and thence proceeded to Fusan and Seoul in Korea. From there his itinerary included Mukden in Manchuria; Tientsin, Peking, Nanking, Hankow, Shanghai and Hong Kong, in China, and Manila. On the return trip he revisited Hong Kong, Shanghai and several cities in Japan.

"When I first reached Japan," Mr. Enstrom said, "business was about as bad as it could be. Bankers and business men were downcast. The depression was felt the more keenly because it followed immediately on the heels of the biggest boom Japan had ever known. Japanese industry and commerce flourished, as we all know, during the war, but the expansion of that period was not to be compared with the boom that

began in 1919 and continued until the early part of last year.

"In this period, prices, which had begun to rise during the war, moved still higher. Importers bought heavily abroad. Warehouses became choked and the docks were piled high with goods, while large shipments of other goods were on the way. In the meantime, home production had been boosted up to the top notch. Under domestic and foreign demand, great quantities of goods had been turned out and large stocks had accumulated. Seemingly the possibility of a lessening in the demand had not been taken into consideration.

"Then came a hesitancy in buying, followed by an entire cessation of orders. Japan had a tremendous quantity of merchandise which it had produced or bought at high prices. The banks, sensing trouble, stopped making loans. The merchants could not sell their goods and the manufacturers lost their markets. At one time prices offered for some American goods were less than the

Service Through 70 Branches



THE STATE BANK OF THE PORTUGUESE COLONIES

Paid-Up Capital . Esc. 24,000,000 = \$25,894,080.00

Reserve Funds . Esc. 24,000,000 = \$25,894,080.00

[At par of exchange]

FROM the time when the raw material is shipped from its source to the factories for manufacture, until as a finished product it is transported to all parts of the globe, modern commerce and industry are dependent on international banking. In their co-operation and development the Banco Nacional Ultramarino, one of the oldest institutions of its kind in the world, has rendered efficient service for more than half a century. The facilities of our 70 branches, reaching all important countries, are available through our New York Agency.

BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

Joseph McCurrach, Agent

Head Office: Lisbon, Portugal

Among Ourselves So to Speak

DAILY we see instances of the rapid transfer of money right here in our own Bank where both payer and payee are customers of ours.

Similarly, there are many cases where wholesalers in New York and banks of shippers or producers both use our service. Wholesale dealers in produce, fruits, butter, eggs, dairy products, textiles, leather and hardware are among our most active accounts. The services of those banks whose customers supply New York markets are thus facilitated by their connection with us.

ATLANTIC
National Bank
257 Broadway—Opposite City Hall
NEW YORK CITY



actual cost of production in the United States. Merchants had difficulty in meeting their obligations. Some failed and many were embarrassed. A period of absolute trade stagnation followed.

"Many industries had to shut down or curtail production, though not all. The big shipyards and the steel and iron industries, for instance, are occupied chiefly on government work, and were able to continue operation. But many of the textile mills—one of Japan's most important industries—had to close. Unemployment increased and wages fell. Much Japanese shipping was tied up for lack of cargo.

"Now things seem to have 'turned the corner.' When I passed through Japan on the way out, one of the leading merchants in the country told me he had not seen an order for goods in months. When I saw him on my way back he said that queries were being received and some orders. In the meantime, the large stocks of merchandise to some extent were being reduced.

Trading was still on a small scale, but was becoming more active.

"Korea, or Chosen as it now is, felt the depression like all other eastern countries, but the interests of Korea are primarily agricultural and her problems, in consequence, comparatively simple. Her foreign trade consists largely of the sale of staple products to Japan and the purchase of manufactured goods from the Japanese in return. There is not a great deal of complicated commercial machinery to get out of order.

"The conditions in China did not differ materially from what I had seen in Japan. The great bulk of China's import business is handled by men of foreign nationalities who distribute their goods through native dealers. The slump caught both the importers and dealers with large stocks of merchandise on their hands. Here the situation was further complicated by the heavy drop in the buying power of silver. This, however, is not the first time that China

has experienced a commercial crisis and business men told me that the latest trouble was no worse than others that had occurred. One of the most prominent foreign bankers in China said that in his opinion the crisis had passed and that the future would see a steady, though not rapid, improvement.

"Conditions in the Philippines were aggravated by a currency shortage. Normally the Philippines maintain trade balances in other countries with the money received for their exports, and pay for their foreign purchases from these funds. After the overseas demand for Philippine goods ceased, imports soon wiped out these balances. Shipments continued to arrive and the importers had no medium with which to make payment. The treasurer of the Philippines was authorized to issue bills of exchange on the United States, but the Philippine merchant had to pay for these in Philippine treasury notes. In consequence, heavy inroads were made on the amount of currency in circulation.

"Considerable damage has been done to our commerce in the Orient by a certain type of American trader who invaded the Far East during the war, attracted by the unusual opportunities for profit which had been created. This is particularly true in China where the people, though very friendly to the United States politically, have been disappointed by the methods of these irresponsible who considered only immediate profit. Other countries have also suffered, though in a lesser degree, as the volume of trade of many of them was greatly restricted during the war, and in the case of Germany was cut off altogether. German manufacturers are now investigating trade opportunities in the Orient. Just before I left Japan, sixty-eight Germans arrived on one steamer at Yokohama to look over the field."

CHINESE BANKS MAKE LOAN TO GOVERNMENT

An important precedent has been established by the signing of a 6,000,000

yen loan by a group of thirty-seven Chinese banks to the ministry of communications for the purchase of cars and locomotives for the four principal railways. This was the first time there had been such concerted support by the native banks of the government's constructive efforts and is said to foreshadow further financing.

Near East

TURKEY'S SITUATION SERIOUS

Critical financial conditions in Turkey are reported by Sigmund Metz, assistant vice-president of the Guaranty Trust Company of New York. Mr. Metz recently returned from Constantinople where he was instrumental in establishing a branch for his bank. Commenting on the Turkish situation, he said in part:

"The financial condition of the Turkish government is critical. With its revenue practically confined to proceeds of the Constantinople customs and a bureaucracy on its hands excessive even before the war, it is faced with what appears to be an almost unsolvable problem.

"The taxable capacity of Turkey's population, impoverished through long periods of war and unsettlement, is reduced to the vanishing point and, up to the present, the foreign element—the only one able to bear the burden—has been exempt. Nor are the government finances alone in a condition of bankruptcy. The city of Constantinople is unable to provide properly for some of the most essential public services, with the result that the city presents a neglected appearance.

"From a commercial point of view present conditions in Constantinople present a more or less complete analogy to other parts of the world, possibly in somewhat aggravated form, due to the complete exhaustion or inaccessibility of its chief outlets. Losses incurred by the trading community have been very severe, but failures of importance have, in comparison with other markets, been few in number, mainly due to the assistance rendered perforce by the banks. As a result, however, the local banking position is strained.

"No recovery can reasonably be expected until the political horizon clears, world con-

National Bank of Commerce in New York

James S. Alexander, President

Vice-Presidents

**J. Howard Ardrey
Joseph A. Broderick
Guy Emerson**

**Herbert P. Howell
Louis A. Keldel
David H. G. Penny
John E. Rovensky**

**Faris R. Russell
Stevenson E. Ward
Roger H. Williams**

Second Vice-Presidents

**Harry P. Barrand
Louis F. Christenson
James I. Clarke**

**Archibald F. Maxwell
Franz Meyer**

**Edward H. Rawls
Everett E. Risley
Henry C. Stevens**

Cashier

Roy H. Passmore

Auditor

Albert Emerton

Assistant Cashiers

**Ira W. Aldom
Emanuel C. Gersten
Gaston L. Ghegan
W. Sproull Graves
Elmore F. Higgins**

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Hamilton G. Stenersen
John T. Walker, Jr.**

**Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars**



ditions generally improve and until the natural markets, both of supply and of consumption, are again accessible to the merchants of Constantinople. When this is achieved it seems inevitable that Constantinople will again occupy its former position as the distributing and banking center of the Near East, for as Gibbon puts it: 'The single spot united the prospects of beauty, safety and of wealth formed by nature for the center and capital of a great monarchy.'

"It is gratifying to find that the prestige of the United States and the acknowledged soundness of its banking system are commanding the confidence of the public not merely in Turkey but in a wide range of surrounding territory. With a return of prosperity to those sorely tried countries, American business interests, assisted by this outpost of American banking enterprise and by the transportation facilities provided through the foresight of the carriers, should share to their full extent in the revival."

seven steamship companies operating direct steamship service to Alexandria from the United States and with many American houses interested in the extension of their trade through Alexandria as the distributing point, not only for Egypt but also for Syria, Palestine and the Sudan, the establishment of the chamber has been urgently needed. American business concerns desiring information from the Chamber of Commerce should communicate with Henry Gill, secretary.

Switzerland

AMERICAN CHAMBER OF COMMERCE FOR EGYPT

The American Chamber of Commerce of Egypt, with headquarters at Alexandria, has been formed by business men of Alexandria and Cairo. With

UNION DE BANQUES SUISSES

The report for 1920 of the Union de Banques Suisses, Zurich, Switzerland, shows a record of considerable expansion in resources and banking activities. The resources of the bank increased

The Union Bank of Manchester, Limited

Head Office
17 York St., Manchester, Eng.

Liverpool Office
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEBDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOKEPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	(\$5=£)	\$12,500,000
Paid-up Capital		3,750,000
Reserve Capital		3,750,000
Subscribed Capital		7,500,000
Reserves		2,825,000
Surplus over Liabilities		10,325,000

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

ASSETS:		
	Frs. 1920	Frs. 1919
Cash in hand.....	28,291,694.28	18,680,867.40
Banks and bankers.....	107,393,026.54	78,434,771.43
Bills of exchange.....	150,168,595.41	89,503,144.06
Stocks and investments.....	16,685,302.54	12,655,386.45
Debtors	293,902,870.29	288,928,144.82
Bank and warehouse premises.....	16,325,779.46	12,841,387.32
Totals	612,767,268.52	501,048,701.48
LIABILITIES:		
Capital, fully paid.....	70,000,000.00	60,000,000.00
Reserves	15,500,000.00	15,000,000.00
Pension fund for employees.....	5,821,174.05	4,826,265.05
Deposits and current accounts.....	448,786,444.80	355,579,468.87
Banks and bankers deposits.....	32,743,781.57	24,564,797.44
Bills payable	33,682,147.69	35,419,864.43
Dividend account	5,926,904.76	5,079,385.14
Balance to carry.....	306,815.65	578,920.55
Totals	612,767,268.52	501,048,701.48

111,718,567.04 francs, reaching 612,767,268.52 francs. Gross profits advanced from 17,946,741.90 francs to 21,415,800.70 francs. Net profits, however, only show a slight increase owing to the great increase in salaries due to increase in size of the staff from 856 members at the end of 1919 to 1,289 at the end of 1920. This enlargement of the staff absorbed about 3 million francs, making the net profits for the year 7,224,255.91 francs in comparison to 7,149,461.19 in 1919. The same dividend as in 1919, 8 per

NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

HEAD OFFICE, HAVANA

W. A. MERCHANT, President

JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents

C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18

Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island

2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

Sole Depositary and Fiscal Agent of the Government of Cuba

Offers to Bankers and Merchants throughout the world,
unsurpassed service for facilitating trade with the
rapidly growing markets of Cuba.

ASSOCIATE BANK IN NEW YORK

BANK OF CUBA IN NEW YORK

34 WALL STREET

cent., is provided for. The present reserve fund of 15,000,000 francs is to be increased by 500,000 francs and the employees' pension fund is to reach 5,821,174.05 francs, also an increase of 500,000 francs.

The bank's business development for the year is shown as follows by the increased turnover in comparison with previous years:

	Francs millions
1915	5,172
1917	10,445
1919	20,025
1920	33,956

In consideration of the bank's increased liabilities, the fully paid-up capital was augmented last March from 60,000,000 francs to 70,000,000 francs. Besides opening a branch in Basle, the bank absorbed the Banca Svizzera Americana with head office at Locarno.

A comparative tabulation of the principal items of the bank's statements of 1920 and 1919 is shown on the preceding page.

Cuba

THE ELECTION IN CUBA

The political situation in Cuba still is in a muddled state, despite the new presidential election March 15. Dr. Alfredo Zayas y Alfonso was chosen president of Cuba, but the Liberals, supporters of General Gomez, did not vote, upon the advice of their party's executive committee.

The election was a farce, incomplete returns showing Dr. Zayas with 12,419 votes and less than 100 for General Gomez. The Gomez supporters, however, are not expected to permit the approval of the election by Congress without a protest. In fact, it is reported there will be a "strike" of Liberal and Democratic members of the Congress to so clog the legislative machinery as to prevent the proclamation

The Record of Last Year



Foreign Offices

GREAT BRITAIN

London
Liverpool
Southampton
Edinburgh
Glasgow

FRANCE

Paris
Bordeaux
Havre
Nice
Marseilles

EGYPT

Cairo

ITALY

Rome
Naples
Genoa

BELGIUM

Antwerp
Brussels
Ostend

HOLLAND

Rotterdam

SCANDINAVIA

Copenhagen
Christiania
Stockholm

SWITZERLAND

Lucerne
Zurich

GERMANY

Berlin
Bremen
Hamburg
Coblenz

SOUTH AMERICA

Buenos Aires
Montevideo
Valparaiso

THE ORIENT

Yokohama
Kobe
Hong Kong
Shanghai
Manila, P. I.

CANADA

Montreal
Toronto

In 1891 the first foreign office of the American Express Company opened its doors in London. The Company has steadily increased the scope of its activity in many lands, until at present there is hardly a commercial center or port of importance which does not show the familiar "World Service" design.

The branches in foreign lands now cover every continent and in addition we have ten thousand banking and shipping correspondents whose long association with us has made them almost integral parts of our own organization.

In the year 1920 alone, to keep abreast with American commercial expansion overseas, new offices have been opened for branches of the Company's business in the following foreign cities:—

Edinburgh, Scotland	Lucerne, Switzerland
Brussels, Belgium	Nice, France
Ostend, Belgium	Cairo, Egypt
Gothenburg, Sweden	Valparaiso, Chile
Barcelona, Spain	Montevideo, Uruguay
Zurich, Switzerland	Kobe, Japan

American Express Offices furnish to Banks and their patrons, international banking operations, export and import shipping facilities, travel accommodations, and foreign trade assistance.

Long practical experience in the foreign field and thorough knowledge of the commercial and financial customs of every country, have made this service of the American Express Company an efficient medium through which banks can develop the foreign business of their clients. Details will be supplied on request. Address the Manager of nearest offices listed below.

AMERICAN EXPRESS COMPANY

65 BROADWAY, NEW YORK

29 Luckie Street, Atlanta, Ga.

Market Street at Second, San Francisco, Cal.

Ninth & Locust Streets, St. Louis, Mo.

32 North Dearborn, Chicago, Ill.

231 St. James Street, Montreal, Canada

INTERNATIONAL BANKING, SHIPPING, TRAVEL AND FOREIGN TRADE



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

RESOURCES
over
\$ 41,000,000

of the new president. The formation of a new cabinet by the president-elect is expected to be a delicate problem, as he represents a minority party in Cuba.

Dr. Zayas stated after receiving the election returns that he expected the situation to clear itself within a short time. He said he was confident that enough members of Congress would take their seats to form a quorum and proclaim his election. He added that he expected so to organize his official family as to unite his supporters in one single political party.

No serious clashes were reported during the election.



International Banking Notes

It is announced by the New York agents of the Bank of British West Africa, 100 Beaver Street, that a new branch of the bank has been opened at Mogador, Morocco. The Bank of British West Africa is one of the largest and most important of the British colonial banks, among its principal shareholders being three of the "Big Five" British banks, the Lloyds Bank, Limited, National Provincial and Union Bank of

England, Limited, and the London County Westminster and Parrs Bank, Limited. The Standard Bank of South Africa, Limited, is also a large shareholder, and these two banks cover completely the entire continent of Africa. Sir Frederick Eley, recently resigned as general manager of the National Provincial and Union Bank of England, Limited, and now in the United States, is a director. The bank now maintains forty-four branches in important centers in North and West Africa. Three offices in England and a branch in Hamburg, and close connections in France and Belgium cover the continent thoroughly. With the opening of the branch at Mogador the bank has eight offices in Morocco which is indicative of the importance of that country in future world trade.



The New York agency of Banca Marmorosch Blank & Co., of Bucharest, formerly located at 115 Broadway, is now located at 31 Broadway.



The forty-ninth semi-annual report of the directors of the Dai-Ichi Ginko, Limited (formerly the First National Bank), Tokio, Japan, for the six months ended December 31, 1920, shows net profits, including balance of profit brought forward from last

Our Service to Banks and Bankers

COLLECTIONS: A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

LETTERS OF CREDIT: Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

TRAVELERS AND REPRESENTATIVES: When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

CREDIT INFORMATION: Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

We Cordially Invite Your Correspondence



Foreign Department

Head Office, Havana, Cuba

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.



Capital fully paid-up (\$0.50 = 1 peso) 6,750,000.00

Reserve Funds 4,900,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

account, of Yen 7,071,428.64. This was disposed of as follows:

	Yen
To bonus for directors, auditors and chief officers	280,300.00
To pension fund for officers and staffs	112,120.00
To be added to reserve fund, raising that account to Yen 28,000,000.00	3,000,000.00
To dividends at 12 per cent per annum	1,771,500.00
Leaving a balance to be carried forward of	1,907,508.64

The bank has subscribed capital of Yen 50,000,000, paid-up capital of Yen 29,525,000, and reserve fund of Yen 28,000,000. Besides its head office, it has four branches in Tokio, and locations in twenty-five other Japanese cities, and two branches in Korea (Chosen).

The government of Ecuador has issued a decree fixing the rate of exchange at 2.60 sucres on New York. Under normal exchange rates the sucre is worth about 50 cents.

The report of the Government Savings Bank of New South Wales shows deposits of £44,427,441 8s 5d in 1920. The number

of accounts totaled 867,538. The growth of the bank in six years is represented by the increase in deposits of £10,891,184 1s and in 172,728 additional accounts.

At the head office of Lloyds Bank, Ltd., and in the presence of a large number of the staff, Sir Richard Vassar-Smith, Bt., chairman of the bank, recently unveiled a memorial bearing the names of the 681 members of the staff who lost their lives during the war. The memorial is executed in ebony and ivory from a design by Henry Rushbury.

The report of the Kajima Bank, Limited, Osaka, Japan, for the half-year ended December 31, 1920, shows net profits of Yen 1,570,834.36, distributed as follows:

	Yen
Legal and specific reserve fund	350,000.00
Dividends at 10 per cent per annum	750,000.00
Remuneration to directors and auditors	35,000.00
Pension fund	20,000.00
Reserved for taxes	90,000.00
Balance of profit carried to next half year	325,834.36

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - -	15,000,000
PAID-UP CAPITAL	- - - -	10,200,000
RESERVE FUND	- - - -	10,500,000

(\$5=£1.)

DIRECTORS.

R. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
HERMAN B. SIM, Esq.
Sir RICHARD V. VASSAR-SMITH, Bart., D. L.
ROBERT A. THURBURN, Esq. (Managing)

BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARIS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Maceio, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. **URUGUAY**:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.
ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Roca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE**:—Valparaiso, Santiago, Antofagasta. **UNITED STATES OF COLOMBIA**:—Bogota. **PARAGUAY**:—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers
Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

The Standard Bank, New York, has announced the appointment of the following foreign representatives: Leo Gerstenang for Poland, with headquarters at Warsaw; Charles I. Cooper for Roumania, with headquarters at Bucharest; Adolph Gerstenang for Lithuania, with headquarters at Kovno.



The Bank of Yugoslavia, Ltd., with head office at Zagreb, Yugoslavia, has been authorized to open an agency at 192 Broadway, New York City.



John McAlley Barr and Trueman C. Evarts have been appointed assistant secretaries at the London office of the Guaranty Trust Company of New York.



The net profits of the British Linen Bank for the year ended January 15, 1921, were £340,427 14s 6d, after providing for bad and doubtful debts, interest due to customers and rebate on bills current. To this must be added £48,381 16s 1d balance from the previous year, making £388,809 10s 7d, which has been applied as follows:

	Lbs.	s	d
To payment of semi-annual dividend at rate of 16 per cent per annum in Sept., 1920.....	70,000	0	0
To reduction of bank premises and other heritable property	10,000	0	0
To investment reserve account	160,352	7	1
To contingency account....	50,000	0	0
To payment of second semi-annual dividend at rate of 16 per cent in March, 1921 per annum	70,000	0	0
Balance carried forward to profit and loss account	28,457	3	6



The London and River Plate Bank, Ltd., has opened a branch at Antofagasta, Chile.



The opening of a new office of the Bureau of Foreign & Domestic Commerce in Shanghai provides American foreign traders with another source of information, and supplies an additional medium through which Chinese buyers can be reached.



The Finance and Trading Corporation of New York, 43 Exchange Place, has an-

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



nounced that Richard G. Cholmeley-Jones has resigned as director of the Bureau of War Risk Insurance to become vice-president of the corporation. Mr. Cholmeley-Jones was connected with the corporation for a time in 1919 when he returned from France, where he had been in charge of war risk insurance matters.

◎

The Bank for India opened a branch at Singapore on January 13, 1921.

◎

The amount held on deposit in the Savings Bank of Paris, an institution owned and controlled by the municipality, increased by almost 26 million francs in 1920. The bank, on December 31, 1920, according to official returns received by the Bankers Trust Company of New York, from its French information service, had 665,550 depositors whose savings amounted to 154,637,972 francs compared to 673,090 depositors in the preceding year with bank accounts totaling 128,779,183 francs. Thus while there was a decrease in the actual number of accounts, the average amount of deposits increased.

◎

Andressens Bank of Christiania, Norway, has just declared an annual dividend of 12 per cent, according to a cable received at the National City Bank of New York. New profits for 1920 are 7,097,000 kroner, and the sum carried forward to profit and loss is 1,279,000 kroner.

◎

The ninth floor in the new Kerr Steamship Company Building at 44 Beaver Street, New York, has been leased by the National Bank of South Africa, Ltd., which has been

located for a number of years in the Astor Building, 10 Wall Street. The bank has taken its new quarters on a ten-year lease at a gross rental of approximately \$300,000. Fred E. Sturgis and E. W. Lyon were the brokers.

◎

The report of the directors of Banco Italiano of Lima, Peru, for the year ended December 31, 1920, shows net profits for the year of libras, equivalent to English pounds sterling, 117,773.034. This sum, with libras 38,728.268 brought forward from the preceding report, made a total of libras 156,501.302, which was distributed as follows:

10 per cent for reserve fund....	Lp. 11,777.3.03
12 per cent to directors and employees	14,132.7.63
18 per cent for dividends.....	50,400.0.00
Carried forward to next year...	70,191.2.36

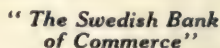
A fund of libras 10,000 was set aside as a fund of providence. By the disposition of the net profits for last year, the general reserve fund was increased to libras 336,332.0.63.

Because of the growth of the bank's operations, the capital was increased from libras 280,000 to libras 400,000, all paid-up.

Banco Italiano is affiliated with the Banca Commerciale Italiana of Milan, Italy, the New York agency of which is at 62-64 William Street. The New York agents are Guido Pedrazzini, John Stewart Gurland, Siro Fusi, F. Saroli, Edoardo Roffi and Ernesto Gamper.

◎

Receivers have been appointed for the importing and exporting firm of Gaston, Williams & Wigmore, Inc. The action, taken in the federal court at New York City, is understood to be preliminary to a reorganization. The book value of the company's assets is said to be greater than outstanding



Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

Bankvereeniging, which controls ninety-nine branches in Holland, four in South America, and one each in Genoa and Barcelona.

The Guaranty Trust Company of New York have been informed by cable that upon recommendation of the French Ministry of Finance, Georges Hebmman, manager of the company's Paris office, had been nominated a Chevalier of the Legion of Honor in recognition of his services during the war.

The Bank Voor Indie, established five months ago, with home offices at Amsterdam, has opened branches in the Dutch East Indies at Batavia, Sourabaya, and Samarang, and also at Singapore. The bank is capitalized at 50,100,000 guilders and is closely affiliated with the Rotterdamsche

Leo Goldschmied, managing director of Banca Commercial Italiana of Milan, Italy, has arrived in this country to study the exchange question between the United States and Italy. Mr. Goldschmied was a delegate to the interallied conference at Brussels as a financial adviser.

Book Reviews

LETTERS FROM THE FRONT. (Published for private circulation by the Canadian Bank of Commerce, Toronto.)

It is the purpose of this volume to furnish a record of the part played by the Canadian Bank of Commerce in the Great War. How important this part was may be seen from the number of enlistments from the bank—over 1,700, and the number of those who died in the service from wounds or disease—258. Particulars are given as to each enlistment, and portraits published of those of the staff who gave their lives in the war or were decorated or mentioned in despatches.

But the volume is principally devoted to the publication of "letters from the front," which give with much wealth of detail the humor and the tragedy which constitute the daily routine of a soldier's life. These documents are of great value because of their intimate character, and afford a view of the war to be gained in no other way.

As a tribute to the valor and patriotism of those who went forth from the bank to serve their country, the volume is most appropriate. It is of octavo size, printed on heavy deckle-edge paper, and handsomely bound.

From an introduction by Sir John Aird, general manager of the Canadian Bank of Commerce, the following extract is taken:

"The Canadian Bank of Commerce had truly a 'far-flung battle line,' for in the war her soldiers fought on every front on which British arms were represented, and we trust that these letters from trench, billet and prison camp, captured objective and hospital ward, will prove of value to all who desire first-hand impressions of the fields on which Canada's sons have won immortal fame."

The bank has paid a graceful and worthy tribute to its men, who showed themselves loyal and true in time of

danger. Fortunately, many of those who went abroad to serve their country have long since returned to their duties at the bank.

The letters, as a whole, are of a cheerful and even comic tone; but there are some you can not read without a choking in the throat. For example, here's a dying message from Private Tucker:

"Tell dad that I would rather be in the condition I am now in, than to have failed to fight for my country."



INTRODUCTION TO PUBLIC FINANCE. By Carl C. Plehn. New York: The MacMillan Company.

Technical details and wearisome tables of statistics have been avoided in this book wherever possible. Abundant references to statistical compilations are given, so that such matters can be readily found if needed. The countries whose financial systems have been chiefly used to illustrate principles are England, Germany, France and the United States.

In this fourth edition, the additions made record only the more momentous changes in governmental finance. The income tax, and inheritance tax have been completely rewritten in view of their present importance, and all other topics have been made thoroughly up-to-date.



ECONOMIC DEVELOPMENT OF THE UNITED STATES. By Isaac Lippincott. New York: D. Appleton and Company.

This economic history gives a clear and always interesting account of the economic history of the United States from the first settlement down to the present day. It is a history of growth, and particular attention is given to the enormous development since 1860. Manufactures, commerce, agriculture,

railroads, labor organization, money and banking are shown in their steady expansion, and attention is given to the newer features of economic development such as the growth of organized markets, new systems of business organization and management, industrial and commercial education.

The construction of the book is such that not only may the developments in each particular field of industry be traced, but also the continuous and related growth in all other fields. The work is brought down to 1920 and includes the war development and regulation of industry and also the measures enacted by Congress to put the industries back on a peace basis.



LABOR MAINTENANCE. By Daniel Bloomfield. New York: Ronald Press.

This volume gives thorough treatment to industrial housing plans, financial aids, and other welfare systems that will be of value to the worker. The aim has been to give as many practical examples of successful work as possible, so that employers, employment executives, and service workers would have at hand the experience of other concerns combined with information and discussion as to the best practice. Methods of Americanization, recreation of employees, care of the health, accident prevention, lunch-room and restaurant, plant newspaper or magazine, group insurance, profit-sharing and many other problems are thoroughly discussed.



TRAINING INDUSTRIAL WORKERS. By Roy Willmarth Kelly. New York: Ronald Press.

Vocational training is described and explained, specialized work, apprenticeship, rating systems, and many other training problems are taken up in this volume. As the educational factor is considered thoroughly as an important part

of any labor policy, this book tells industrial managers and educational directors about the lessons which both school people and manufacturers have learned in shop and factory education, and shows how these lessons can be applied to particular establishments. The successful accomplishments in vocational education are reviewed with the reasons for their success. A survey of all the important types of schools and classes and illustrations of their work is given.



THE WORK OF WALL STREET. By Sereno S. Pratt. New York: D. Appleton and Company.

The revised and enlarged edition of this standard book furnishes a practical, up-to-date view of the mechanism, personality, functions, operations and ramifications of the greatest financial center in the western world. It is written so clearly and interestingly that the reader can readily observe and gain a clear and comprehensive idea of the work of Wall Street. This new edition shows the many important changes which have recently taken place in the structure of the financial center, which have revolutionized business as far as its relations to government are concerned.



EMPLOYMENT METHODS. By Nathan W. Shefferman. New York: Ronald Press.

This volume covers the office end of employment management by explaining practical methods of selecting men and assigning them to suitable jobs. It first takes up the function and development of an employment department, emphasizing the need for it. The best means of getting employees, hiring, selecting and assigning them to the right job is discussed in detail. How to hold employees after getting the right ones by training and educational supervision, just payments, transfers and promotions are taken in turn, and discussed

thoroughly. Employing for office, store and bank is treated as well as industrial employment. In a final summing up great emphasis is laid upon the human element in all employment methods.



THE STATES OF SOUTH AMERICA. By Charles Domville-Fife. New York: The MacMillan Company.

This book is a concise survey of each state and its principal cities of South America. An account is given of the economic condition, railways, industries, foreign trade, laws relating to the granting of Government concessions, commercial travelers, and other matters of importance to those who have, or propose to have, an interest financially

or commercially in the various countries, and an endeavor made to supply such information as has been suggested by inquiries received at the several Legations and Consulates General in Great Britain, combined with information gathered from South American sources.

The work is adapted to the needs of the British or American merchant and investor. Beside the facts that are necessary, there is information given about the more significant characteristics of the peoples who live in the Southern Continent. The author represents South America as a land of great opportunity for the wideawake capitalist, engineer and salesman. Statistics, which are drawn from census reports and other authoritative sources are given.



Taking the Count

"ON Monday the number that visited the main banking floor was 4102. On the following day visitors numbered 3688 and on Wednesday and Thursday, 2710 and 2242 respectively."

Many who read this account of the opening of the new Fifth Avenue Office of the Guaranty Trust Company of New York wondered how the bank was able to figure so accurately the number of visitors. The answer is shown in the accompanying illustration.

This little counting device which is manufactured by the C. J. Root Company of Bristol, Conn., has been found very useful by banks that are anxious

to get the actual figures on the number of persons visiting various departments from day to day. These figures often



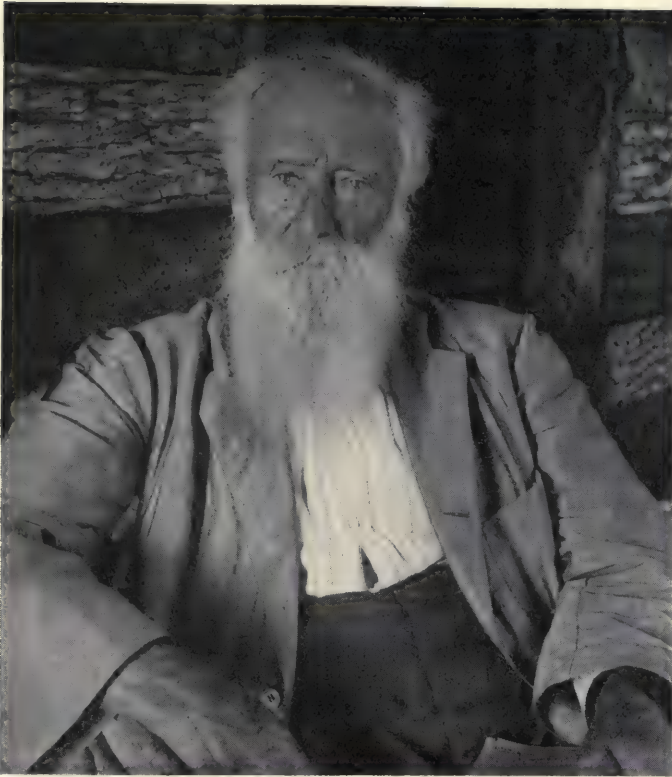
tell a truer story and point to more accurate conclusions than do the actual record of dollar-and-cents transactions.



Passing of a Great Naturalist and Poet

PROBABLY few who had long known the late John Burroughs for his delightful studies in natural history, and as a poet, knew that he was formerly connected indirectly with

finance and banking. Mr. Burroughs, whose death occurred on March 29, while returning to his Eastern home from a trip to the Pacific Coast, was in the Treasury Department at Washing-



Copyright—Underwood & Underwood

JOHN BURROUGHS

Naturalist, who died March 29, 1921

ton from 1862 to 1872, and a national bank examiner from 1872 to 1883.

It is related of Mr. Burroughs that during his school days he had a great horror of English composition. It is said that when he was fourteen, in common with the members of his class at school, he was required to write twelve lines of original composition. He copied something out of a comic almanac. His theft was detected. Again, in desperation, upon his second trial he paid Jay Gould, his classmate, sixty cents for a twelve-line verse which he handed in as his own. It was a piece of unredeemable doggerel, and Mr. Burroughs himself could never tell the meaning of some of the lines.

In later years Mr. Burroughs became one of America's leading prose writers. While Mr. Gould entered the financial field, Burroughs afterwards had no need of hired assistance in poetical composition, as the following from his pen abundantly shows:

WAITING

Serene, I fold my hands and wait
Nor care for wind, or tide, or sea;
I rave no more 'gainst time or fate,
For, lo! my own shall come to me.

I stay my haste, I make delays,
For what avails this eager pace?
I stand amid the eternal ways,
And what is mine shall know my face.

Asleep, awake, by night or day,
The friends I seek are seeking me;
No wind can drive my bark astray
Nor change the tide of destiny.

What matter if I stand alone?
I wait with joy the coming years;
My heart shall reap where it has sown,
And garner up its fruit of tears.

The waters know their own and draw
The brook that springs in yonder height;
So flows the good with equal law
Unto the soul of pure delight.

The stars come nightly to the sky,
The tidal wave unto the sea;
Nor time, nor space, nor deep, nor high,
Can keep my own away from me.

Banking and Financial Industry

SPECIAL

The **BANKERS
MAGAZINE**

SECTION

H. M. Webster & Company

Public Accountants - Auditors - Production Engineers

SPECIAL DEPARTMENTS:

Bank and Foreign Exchange - Audits and Systems
Income Tax

23 West 43rd Street
New York City

Southern Bldg.
Washington, D. C.

82 State Street
Albany, N. Y.

BANK audits require a specialized knowledge that comes only from long experience. We are in an unusually advantageous position not only to make bank audits but to perform all of the functions of financial and commercial accountancy.

New York Telephone—Vanderbilt 1908



First National Bank of Jersey City, N. J.

THE above is a recent example of one
of the many fine banking structures
designed by

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited



The Dominion Bank, Head Office. Toronto, Canada

The Dominion Bank Celebrates Fiftieth Anniversary

FEBRUARY 1, 1921, was the fiftieth anniversary of the establishment of The Dominion Bank as the institution opened for business on that day in the year 1871. The premises which the bank first occupied were at 40 King Street East, Toronto, on the north side near Toronto Street and opposite where the King Edward Hotel now stands. The location today is occupied by a retail merchant.

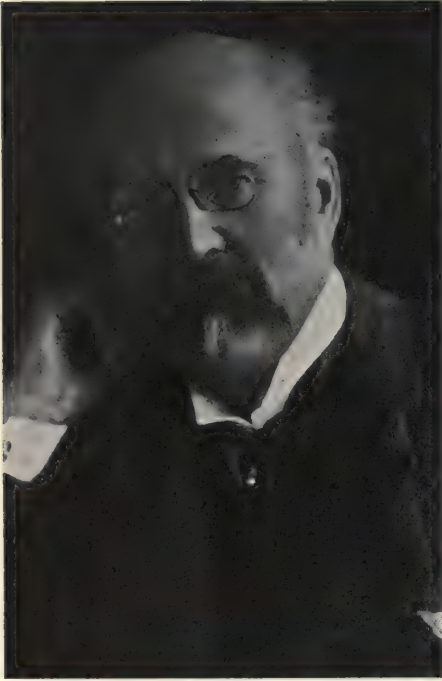
The following gentlemen constituted the original board of directors:

James Austin, financier, president;
Peleg Howland, miller, vice-president;

Frank Smith (afterwards Sir Frank), merchant; James Crowther, lawyer; James Holden, contractor; J. H. Mead, fur merchant; John Worthington, contractor.

R. H. Bethune, who was the manager of the Toronto branch of the Quebec Bank, resigned from that position and became the chief executive of The Dominion Bank under the style of Cashier, which corresponds to the position of General Manager today.

By the following year agencies of the bank had been opened at Whitby, Oshawa, Orillia, Uxbridge, and at the



SIR EDMUND B. OSLER
President

corner of Queen and Esther Streets, Toronto. This last mentioned branch was the first "city branch" to be opened by any bank in Canada. The term "city branch" is used by Canadian banks to denote an office other than the main office in any city where two branches of any one bank are maintained.

In 1879 the head office of the bank was moved to the fine building which had been erected for the purpose on the southwest corner of King and Yonge Streets. In 1914 the present handsome head office building was finished and occupied.

Edmund B. Osler (now Sir Edmund), the present president of the bank, was elected to the board of directors in 1882 and in 1883 the Hon. (afterwards Sir) Frank Smith was elected vice-president, upon the death of Peleg Howland.

In 1892 Mr. Bethune's designation of Cashier was changed to that of General Manager and upon his death in 1895, R. D. Gamble succeeded to the office of General Manager.

In 1897 James Austin died and Sir



Board Room

Frank Smith became president, Edmund B. Osler succeeding to the vice-presidency. In that year A. W. Austin, a son of James Austin, became a member of the board of directors.

In 1899 Mr. Gamble died and was succeeded as general manager by T. G. Brough.

In January, 1901, the bank lost the services of Sir Frank Smith, who died that month, and E. B. Osler was elected to succeed him as president, W. D. Matthews becoming vice-president.

Mr. Brough died suddenly in 1906 after occupying the position of general manager for seven years, and he was succeeded by Clarence A. Bogert, who has been the general manager of the bank from that time.

In 1907 A. M. Nanton of Winnipeg (now Sir Augustus) was elected to the board of directors, and in the year 1919 he and A. W. Austin became vice-presidents.

On July 1, 1911, the bank opened a branch in London, England, at 73 Cornhill, E. C., and on March 31, 1919, an



CLARENCE A. BOGERT
General Manager



View of Main Banking Room



C. S. HOWARD
New York Agent

agency of the institution was established at 51 Broadway, New York.

At present the bank maintains 125 branches in various parts of Canada.

The board of directors consists of the following:

Sir Edmund B. Osler, Toronto, president; A. W. Austin, president Consumers' Gas Co., Toronto, and Sir Augustus M. Nanton, of Messrs. Osler, Hammond & Nanton, Winnipeg, vice-presidents; James Carruthers, grain exporter, Montreal; E. W. Hamber, B. C. Mills Timber and Trading Co., Ltd., Vancouver; H. W. Hutchinson, capitalist, Winnipeg; R. S. McLaughlin, president McLaughlin Motor Co., Ltd.,

Oshawa, and director General Motors Corporation; also the following Toronto gentlemen:

R. J. Christie, president Christie, Brown Co., Ltd., biscuit manufacturers; Sir John C. Eaton, president T. Eaton Co., Ltd., departmental stores, Toronto and Winnipeg; Wilmot L. Matthews, president Canada Malting Co., Ltd.; H. H. Williams, capitalist; W. W. Near, president Page-Hersey Tubes, Ltd.; A. T. Reid, president A. T. Reid Co., Ltd., manufacturers.

The chief executive officials of the bank are:

C. A. Bogert, general manager, who also is the president of the Canadian Bankers' Association; W. K. Pearce, Toronto, and F. L. Patton, Winnipeg, assistant general managers; Evan A. Begg, superintendent of branches; William C. MacAgy, chief inspector, and A. H. Baillie, secretary.

The following statistics indicate the growth of the bank's business since its establishment:

	Total Assets	Total Deposits	Net Profits
At end of			
First Year	\$2,541,000	\$1,057,000	\$107,000
1881	5,939,000	3,380,000	143,000
1891	12,731,000	8,576,000	220,000
1901	25,623,000	18,577,000	275,000
1911	70,179,000	53,547,000	704,000
1920	139,263,000	104,941,000	1,188,000

Since its inception the bank has paid the following dividends and bonuses to its shareholders:

Rate of Dividend	Period	Bonus Yearly	Date of Bonus
8%	From Feb. 1, 1871 to April 30, 1882	1%	May 1, 1887 to May 1, 1894
10%	From May 1, 1882 to April 30, 1894	2%	Jan. 1, 1913 to Jan. 1, 1915
12%	From May 1, 1894 to July 31, 1900	1%	Jan. 1, 1920
10%	From Aug. 1, 1900 to Dec. 31, 1905	1%	Jan. 1, 1921
12%	From Jan. 1, 1906		





Main Entrance, Foreign Credit Corporation

Foreign Credit Corporation

THE controlling thought which prompted the drafting of Section 13 of the Federal Reserve Act was to create a discount market in this country similar to that which has for many years been a leading factor in Europe in the development of foreign trade. Not only European but also Central and South American countries have always found it convenient to finance by means of acceptances the larger portion of their business with foreign countries, while in the United States some of our own progressive merchants have in the past found the acceptance facilities, which London financial institutions were able to place at their disposal, of great advantage.

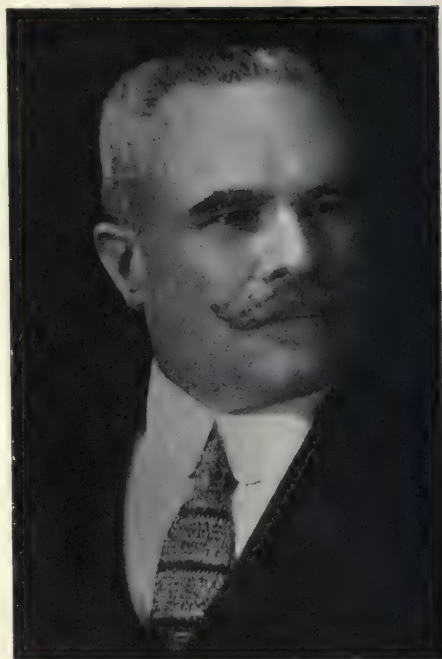
Through the provisions of the Federal Reserve Act and its amendments, financial institutions in the United States, which before its enactment were not in position to extend to our merchants as favorable terms as foreign money centers afforded, are now enabled to provide the more adequate facilities, of which United States business interests stood in great need.

To more effectively meet the present day responsibility, resting upon American bankers, incident to retaining and developing the advances into foreign fields, which American business has achieved during recent years, certain American financial interests during the latter part of 1919 united in forming a



EUGENE V. R. THAYER

Chairman of Board Foreign Credit Corporation,
President Foreign Bond and Share Corpora-
tion, New York



ALBERT BRETON

President Foreign Credit Corporation, Vice-President
Guaranty Trust Company, Vice-President
Asia Banking Corporation



Entrance Hall

specialized international banking institution, organized along the lines of the well-known London acceptance houses. The Foreign Credit Corporation commenced business in September, 1919, with a paid-up capital and surplus of \$6,000,000. The offices of this corporation are at 30 Pine Street, New York City. Its stockholding banks are: Guaranty Trust Company, Chase National Bank, Central Union Trust Company, Liberty Securities Corporation, Shawmut Corporation of Boston, Philadelphia National Bank.

In addition to promoting the use of acceptance credits, creative of bills eligible under the meaning of the Federal Reserve Act and its amendments, the Foreign Credit Corporation has been instrumental in arranging special export financing for large American interests of shipments of United States products to countries, which, as a result of war conditions, require special credit facilities at the present time. These latter transactions were consummated through co-operation with the War Finance Corporation. They were the first



GERHARD M. DAHL

Vice-President Foreign Credit Corporation, Vice-President Chase National Bank, New York



Treasurer's Office and Mezzanine Gallery



D. RAYMOND NOYES
Vice-President and General Manager,
Foreign Credit Corporation



ROMAINE A. PHILPOT
Secretary-Treasurer,
Foreign Credit Corporation



Office of Vice-President and General Manager



Executive Offices

loans of their kind to be arranged by American bankers and involved special "long time" financing of shipments, comprising food stuffs and other necessities of life, to European countries where they were urgently needed.

While the Foreign Credit Corporation specializes along the lines described, principally as an acceptance house, financing exports, imports, and domestic transactions by means of acceptance credits, it operates also along other lines of international banking and has financial connections in all countries of the world, where its import letters of credit, issued on behalf of American buyers, are available in the currency of

the respective countries or in United States dollars, as may be required. Its principal European correspondents are the Guaranty Trust Company in London, Liverpool, Paris, Brussels, Constantinople, and Havre.

Present conditions abroad indicate that foreign trade may require considerable time for recovery but it seems certain that the introduction of acceptances and their increasing use, in conjunction with the sound character of the revised banking laws represented by the Federal Reserve System, will operate to assist materially in the readjustment process.



A Big Outstanding
Bank in this Section
of the United States

Capital and Surplus
\$33,000,000

*The Union Trust
Company*
Cleveland

In Which Are United

THE CITIZENS SAVINGS AND TRUST COMPANY
THE FIRST NATIONAL BANK
UNION COMMERCE NATIONAL BANK
THE FIRST TRUST AND SAVINGS COMPANY
THE BROADWAY SAVINGS AND TRUST COMPANY
THE WOODLAND AVENUE SAVINGS
AND TRUST COMPANY

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected
in the Opinions of Banks and Bankers

THE return to normal conditions which has been so eagerly anticipated for so many months remains still in the future. Opinion seems to be general that conditions are getting better but all agree that the process of readjustment is not yet complete. "Hesitancy," says the Mid-Month Review of the Irving National Bank of New York, "still rules in business and continued irregularity in most industries." There are many reasons, the bank states, which lead business men to proceed cautiously until there is more stability in the course of trade. Encouraging factors, however, are noted in the gradual revival of the building industries and in the steady improvement in the reserve ratio of the Federal Reserve banks.

The American National Bank of San Francisco takes a favorable view of the situation as follows:

While business in these times is not all roses and sunshine, it is at least reassuring to reflect that a number of things that were predicted to happen have not happened. There has been no financial disturbance, and monetary conditions are steadily improving. No widespread embarrassments have occurred in the business world, despite losses of magnitude due to the rapid decline in commodity values. Idleness and wage reductions have resulted in no social or political upheaval, and propaganda of ideas socialistic or sovietistic is very largely wasted effort. In fact the American people continue to go about their affairs in a sensible way, taking their losses philosophically,

making their individual adjustments, looking hopefully to the future and declining to brood over the troubles they may have passed through.

A recent letter of the Guaranty Trust Company of New York sums up the situation as follows:

Business conditions are about as they have been for several weeks, with the buyers of the country still holding to their belief that a lower level of commodity prices is about to be established. Purchases accordingly continue on the basis of ordering only to meet urgent needs. The farmers are busy with their planting and are not giving much attention to the marketing of their stored crops. Their buying, as shown by the reports of the mail-order houses, is marked by extreme conservatism. The steel industry continues to reduce its output, the average being about 35 per cent. of capacity for the whole country. There are some indications of greater activity in building. Railroad traffic, reported slightly better than last month, is considerably less than it was a year ago. Altogether, the situation is indicative of the waiting attitude which seems to have taken possession of the people of the country. In the best informed quarters there is confidence that the underlying strength of industry and commerce and a belief that the settlement of the major problems here and abroad will stimulate business and help to solve the many minor ones which now vex the world.

LIQUIDATION MUST NOT BE HALTED

The National Bank of Commerce in New York states that "world-wide liquidation has reached a point where it cannot be halted for the benefit of



The Beginnings of Transportation

THE old stage coaches performed a valiant service in establishing communication between New York and other parts of the country. It was the succeeding era of transportation development, however, which determined the gigantic and rapid expansion of American business. Men closely associated, as directors, with the Bank of the Manhattan Company figured notably in this development—John Stevens, who built the first locomotive, took out the first charter for a railroad, built the first ocean-going steamship; DeWitt Clinton, who was responsible for the Erie Canal; Walter Bowne, whose name is linked with the first street railway. For 122 years the Bank has bent its huge and growing resources to the service of the commerce and industry which this development made possible. And today its rare background of experience, added to its comprehensive and first-hand knowledge of present-day conditions, give an assurance to its counsel that few banks possess.

BANK of the MANHATTAN COMPANY

CHARTERED 1799

40 WALL STREET

Capital, \$5,000,000

Surplus and Undivided Profits, \$17,135,356.78

UPTOWN OFFICE:—31 Union Square, New York

QUEENS BOROUGH OFFICES:—Jamaica, Flushing, Long Island City, Far Rockaway, Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Corona, College Point, Woodhaven, Ridgewood, Fresh Pond

BROOKLYN OFFICES:—St. John's Place and Cypress Hills

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FIRST VICE-PRESIDENT

RAYMOND E. JONES

VICE-PRESIDENTS

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B. D. FORSTER

HARRY T. HALL

EDWIN S. LAFFEY

P. A. ROWLEY

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FRANK L. HILTON

V. W. SMITH

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O. E. PAYNTER

ASSISTANT CASHIERS

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I. S. GREGORY

H. M. BUCKLIN

W. A. RUSH

GEO. S. DOWNING

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O. G. ALEXANDER

C. W. CAPES



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CARL F. STURHAHN

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Guardianship & Safety

IN the early days of The Chemical Bank—before the time of adequate vaults and efficient policing—it was the custom of the cashier to sleep in chambers directly above the banking room so that he might personally guard the funds of the bank's depositors night and day.

This same spirit of vigilant guardianship coupled with farsighted cooperation and modern banking methods are the cornerstones of this Bank's policy today.

We are seeking new business on our record.

THE CHEMICAL NATIONAL BANK

OF NEW YORK

any group or unit of production either in the United States or elsewhere. Employers and workers who are unwilling to face present conditions frankly and courageously are retarding resumption of normal business and working against their own interests. Prevailing wage scales, which under present conditions are of little real advantage to the workers, are an absolute deterrent to the lowered costs which must be established before the prices of coal and steel can be lowered and freight rates altered. High wage rates are purely illusory as long as widespread unemployment or part time work reduces real income and impairs purchasing power."

THE OUTLOOK

"When will business begin to pick up again?" This question is one which is uppermost in the minds of nearly all business men these days. Of course, there can be no exact answer. The

following opinions, however, will be of interest:

The First Wisconsin National Bank of Milwaukee:

Some discontent is being expressed at the slowness of trade improvement. General revival, at first predicted for early spring, is now scheduled for late spring or summer. The best opinion is that the return of normal conditions will not be in the least spectacular. Each month will see steady gain. By the end of the year, barring the unforeseen, business should be on its feet again. It is not good sense to look for the fortuitous and unexpected in business. This is not real optimism. The confidence of reward from unremitting toil is the only kind of optimism that has any certainty of winning. The sooner everybody in trade and industry makes up his mind that he will have to work for what he gets, the easier it will be to get over this period of readjustment.

Lewis G. Harriman, vice-president, Fidelity Trust Company of Buffalo:

During the next few months we must, I fear, go through further tribulations. There must be further liquidation, particularly in

certain lines not greatly touched so far—further passing and reduction of dividends and perhaps more failures. The foreign situation is still acutely dangerous and this must be cleared up, or at least put on the right road, for under present conditions we are at the parting of the ways so far as foreign trade is concerned. When the 8 per cent. bonds of the foreign countries of best credit do not sell at par further financing is impossible, and when foreign trade banking corporations can hardly be floated at all, and then only with the greatest difficulty, there will be little hope of paying off current balances owing us for these now have nearly if not quite reached their possible limit. I expect renewed efforts along these lines, but I believe it will take at least a year before a real solution is arrived at.

Oliver J. Sands, president, American National Bank, Richmond, Va.:

I confess I do not see much chance for cheap or reasonably cheap money this year, and I do not believe there can be much revival in business until we can get money to finance business at fair rates. The government must stop using our commercial borrowing facilities.

Taxation, national and local, must be adjusted and the burden lightened. We must not try to pay our government debt so fast. Do you realize that we paid 40 per cent. of our war expenditures (except loans to allies) by taxation? The revision of our tax laws downward is certainly ahead of us. What we all must do is to get down to the real old-fashioned American basis of hard work and economy in every department of life—cut our costs, produce more, save more, stand together—and work out our own salvation without expecting the government to do it.

H. R. Aisthorpe, cashier, First Bank and Trust Company, Cairo, Ill.:

"Conditions" are most favorable for the rapid return to normal business, full employment and financial profit to all—but we must all work and save, spending freely for comforts and sensible pleasures but applying the economic pruning knife to extravagance and waste.

Buying at home, and buying now, are splendid slogans but buying carefully as well, meets the view of every conservative business man. We are looking into the mirror of business activity; we shall see the reflection of ourselves. We get measure for measure from life what we put into it.

We have all of the keen edged tools with which to work out a greater day. Let us get busy—you and I.

Francis H. Sisson, vice-president,

Guaranty Trust Company of New York:

There has been a marked change in sentiment regarding the industrial and business prospects of the country during the last few months. This has been due to reports from all sections of the country since the first of the year, but especially during the last month, which indicate that constructive economic factors are now in the ascendant. The general situation, in fact, is decidedly encouraging and there are daily evidences of its gradual but steady improvement. The forces of progressive prosperity are undoubtedly gathering momentum for a revival of business on a large scale and sound basis.

Charles S. Calwell, president, Corn Exchange National Bank, Philadelphia, Pa.:

With a new administration to handle the reins of government, it is a time to pause and contemplate the fact that statesmanship will play a vital part in the solution of the problems which confront us. These problems have a direct bearing on the future of American business. The country approaches its task confidently. Optimism is always desirable, but give us sane optimism, a common-sense frame of mind that will do its part towards the adoption of practical working measures for restoring the flow of business to its normal channels.

"THE TEMPER OF THE COUNTRY"

The Whitney-Central Banks of New Orleans observe a marked improvement in what they term "the temper of the country." By this is meant the general attitude of the public towards economic conditions. "All classes of people," says the Bulletin, "are getting adjusted to the price declines which came so suddenly that it was difficult to understand what caused them or to accept them readily. The people who took the first losses are now more reconciled to them as they see that the situation is general, and as they find some compensation in the lower prices of things they have to buy. The prices of foodstuffs have been steadily declining; clothing at retail is notably cheaper, and as the costs of living come down wage-earners are disposed to accept reductions, which, in turn, lower production costs and tend to put industry on a more stable basis."



Co-operation in Banking

FOR a period of thirty-eight years The Seaboard National Bank has been co-operating with merchants and manufacturers by assisting and advising them regarding financial matters.

By practical co-operation we have endeavored to render during this period a real banking service that would meet the particular requirements of every depositor.

With these complete facilities in mind—the suggestions which our officers may be able to make as to your financial plans may be of particular value.

We shall be pleased to discuss this complete financial Service with you.

The Seaboard National Bank of the City of New York

Total Resources over Seventy-one Million Dollars

BUILDING

The National Bank of Commerce in New York reviews the building situation as follows:

Although there have been reductions in the price of many building materials, high wage rates and working rules which make economical employment of labor impossible, together with high freight rates, have prevented material lowering of construction costs. As a result building has been restricted almost entirely to absolutely necessary work. The F. W. Dodge Company's review of building and construction activity during February estimates new contracts awarded in the states north of the Ohio and east of the Missouri at \$100,789,000 as compared with contracts for \$216,663,000 awarded in February, 1920. A considerable volume of inquiries indicates that there is a potential demand which will make itself felt as soon as and not until costs of labor and material are lowered to what the public regards as reasonable. Meanwhile, the disinclination of labor not only to accept lower wage rates but to give adequate return for wages paid will continue to restrict new housing, thus directly preventing a reduction in rent which, next to food, is the

largest single item of the workingmen's living expenses.

INVESTMENTS

The City National Bank of Tuscaloosa, Alabama, notes the growth in savings deposits recently even in areas where unemployment has been most serious. Various sections, the bank states, report record savings accumulations.

On the same subject the National City Bank of Chicago states:

Individual investors are making large purchases of United States Treasury certificates of indebtedness with the result that the general public is now holding more than three-quarters of these outstanding issues. This has relieved the banks materially, since one year ago the portfolios of the Federal Reserve banks held more than half of such certificates then in existence. The public is making also increased purchases of bankers' acceptances and a trustworthy estimate recently made shows that approximately \$1,150,000,000 of such acceptances were outstanding. This is highly encouraging, since the creation of a discount market in the

United States was possible only after the Federal Reserve machinery was installed a few weeks after the world war began. It is noteworthy that the large savings banks in New York and various other states are now making heavy investments in acceptances. There is still good buying of high-grade securities, and within the past month there has been a further broadening in the demand for long-term bond issues. An extraordinary movement has been the enormous sales of foreign bonds and notes to American investors. Within six weeks after the new year opened fully \$500,000,000 of new foreign government and foreign municipal loans were marketed in this country. This movement was quite unprecedented for so short a period in a peace year and the issuing banking houses are taking care to see that the market is protected from excessive offerings. Fresh issues of South American bonds have been placed in this country and it looks as if there would be much more financing for foreign government account before the movement was definitely checked. These sales of foreign bonds are of great advantage at this time, since the effect is to create in the United States enormous credit balances available for foreign purchasers of American foodstuffs and merchandise.

THE WOOL MARKET

The First National Bank of Boston summarizes the situation in the wool market in a recent bulletin as follows:

Momentarily the wool market is dull and waiting for the buying of goods for the heavy-weight season to be reflected in the purchase on the part of mills of raw materials. Thus far the openings of goods for the heavy-weight season appear to have met with a very fair response on the part of buyers, who might well be expected to be rather skeptical concerning values at present, but who evidently are convinced that the manufacturers have marked prices reasonably low, in view of the cost of production to-day, and that they are determined to induce buying if reasonable prices will bring that to pass. It is commonly believed that the mills must come into the market presently to cover their requirements against cloth sales, since stocks of raw materials at the mills cannot be especially heavy. For the moment, however, they are waiting, apparently in the belief that the heavy stocks of wool in the markets of the world do not necessitate immediate buying here. Heavy purchases have been made in the foreign markets, more especially in Australia and South America, since the first of the year, shipments to the United States from

the River Plate alone during February being reported at about 50,000,000 pounds.

INCREASED INVENTORIES

The Cleveland Trust Company in a recent bulletin points out that the financial statements of large industrial corporations recently made public show large increases in quantities of goods on hand, on which the bank comments as follows:

These facts mean that during a number of months to come the main task of these companies will be to work off these inventories at prices which will be far below those at which they were acquired. As they do this they will reduce their debts and collect their receivable accounts, using in the process much larger amounts of manufactured goods than would have been necessary a year ago when prices were high. This means that the resumption of new manufacturing will be gradual and that money rates will tend to remain relatively high.

"THE GREAT UNAUDITED"

Haskins & Sells, New York, take occasion to point out in a recent bulletin that about 80 per cent. of the firms listed in Moody's Manual of Industries, 1920, appear to be without the services of public accountants on which the bulletin comments as follows:

The public accountant who is alive to the affairs of his day and time finds himself concerned with a great variety of engagements. These embrace periodical audits of all kinds of business organization, examinations of financial and kindred institutions as well as concerns where the substantiation of financial condition only is required, investigations into fiduciary integrity or some special phase of a concern's operations, activities, or relations, preparation of tax returns or the accumulation of data for the prosecution of tax claims, consultations, devising and installing of accounting or of cost systems, preparation of budgets, making financial or accounting surveys and statistical studies, and giving court testimony.

Yet notwithstanding the growth and amplification which accountancy practice in this country has experienced, it appears that the surface has been scarcely more than scratched; that business concerns generally have failed to take advantage of a means which would contribute to a more scientific and successful conduct of their affairs. The class of the great unaudited bears witness to the fact.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

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JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

THE FUTURE OF MONEY RATES

The First National Bank in St. Louis has issued through its research and statistical department a pamphlet entitled, "What Determines the Rate of Interest?" The conclusion of the pamphlet in which "factors likely to affect future money rates" are considered is of special interest. The bank states:

As far as the interest rate in the United States in the near future is concerned, there are two outstanding factors: first, the supply of real capital, that is, goods available for consumptive or productive purposes, and second, the effective demand for such goods on the part of foreign countries. Our problem is primarily that of finding a means by which we can continue producing that which the world requires, but which, at the present time, it has no way of effectively obtaining. If the potential demand on the part of Europe for capital goods in this country is greatly curtailed, interest rates will go lower, but business property will suffer to such an extent that the gain of easier rates will be more than offset by business losses.

On the other hand, if a means is found whereby Europe can effectively command even a part of her capital needs, interest rates are likely to continue on a comparatively high level, not necessarily the present level, but more favorable business conditions will probably more than make up for the higher rate. The requirements of Europe for capital equipment necessary to re-establish her industrial machine are tremendous. This potential need, however, will influence the market only insofar as it can be made effective in the world's money market. For example, the present ability of both Germany and Austria to use for their industrial rehabilitation a large amount of capital is unquestioned, but up to the present time this need has in no way effectively influenced the American investment or capital market. The same situation exists

in any one of the half dozen other foreign countries.

It should be borne in mind, however, that the world is to-day faced with an unprecedented depletion in its supply of capital. Sooner or later keen competition will develop for the use of the existing supply. When this does develop, no artificial or legal limitation on the rate of interest is likely to have any great influence. Experience has shown that the legal rate of interest is observed only when it is above the market rate. When the market rate rises above the legal rate the law is invariably and always disregarded. The experience of the usury laws of the past and the legal maximum rates that exist in this country, bear ample testimony of the inability of the government to regulate effectively or control interest rates in the face of economic forces.

GUARANTY OF BANK DEPOSITS

The March letter of the Northwestern National Bank of Minneapolis has the following to say on the subject of state guaranty of bank deposits:

Six states of this country have enacted laws providing for the guaranty of deposits in state banks. These are all west of the Mississippi—which river seems to exert as a dividing line such a market effect upon people east or west that it is a wonder that it has not been legislated out of existence. The states are Texas, Nebraska, Kansas, North and South Dakota and Washington. Most of this legislation is recent, though the Kansas law has been effective since July, 1909. Similar laws have been proposed at several sessions of the Minnesota legislature but have never been able to overcome the opposition they have aroused. This year five different bills have been introduced, following more or less closely the provisions of the laws enacted in the other states. The Montana bill now being considered is cut very closely after the pattern of the Kansas law.

The demand for the legislation in Minne-

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Djorup & McArdle**

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sota does not come from the bankers themselves, although, it is not without adherents among them; probably 90 per cent. of the bankers of the state are opposed to it. Opponents of the bills that have been introduced contend that the sort of guaranty proposed (which consists of the accumulation of a fund made up of assessments on all state bankers who are members of the system, this fund to be used for the payment of claims of depositors of failed banks)—those in opposition contend that this would penalize the reputable bankers for the incompetency or dishonesty of a possible few over whose actions they have no control. It would seem about as just, in their belief, to apply this principle to the medical profession: if one doctor were convicted of malpractice, to inflict punishment upon all the members of the profession. In Kansas the law remained upon the statute books for several years with little heed given to it, until a single bank failure practically wiped out the fund.

The best health measures are those which prevent disease. Bankers have the strongest motive in the world for the strengthening of the general position of their profession, as weakness in any one member has a

tendency in the popular mind to reflect discredit upon all; but in the opinion of opponents of this sort of guaranty, to be called upon to pay losses without having a direct hand in preventing them, is unjust. A guaranty, they say, should result from the hedging about of banking with all possible safeguards and supervision. The latter is taken care of by the state banking department; if the public feels that stronger protection should be given to its state banks, it would seem reasonable to advocate more rigid inquiry into the qualifications of, and need for, new banks seeking charters, and a strengthening of the examination system.

To present the attitude of opponents of the guaranty as proposed, we give "A resolution pertaining to the Guaranty Deposit Law; adopted unanimously by the Duluth Bankers' Council, Duluth, Minnesota, January 31, 1921:

"Whereas, . . . the proposed law would tend to encourage unscrupulous persons to attempt to organize banks in competition with reputable banks already established that have earned the confidence of the communities they serve; and whereas, the proposed law would make the substantial, reliable and successful banker pay the losses occasioned by unsuccessful banks over which he has no control; and whereas, the proposed law would not provide for sufficient reserve to cover the losses of the number of banks that might fail in case of a serious financial crisis, as witnessed in the present situation in North Dakota; and whereas, any emergency seems to be fully covered by the stockholders' double liability; now be it resolved, that the undersigned banks are opposed to the passage of said bill, and as a remedy in lieu thereof we recommend, first, that the minimum capital requirements for state banks be increased, and second, that the state banking department be given a larger appropriation sufficient to employ more examiners so that the examinations of our state banks will be more frequent and more thorough." This is signed by the Duluth Bankers' Council with the names of eleven state banks appended.

THE NEED FOR LOWER RENTS

"One of the chief stumbling blocks in the path of readjustment is the continuance of high rents, especially for houses and tenements of the type used by workmen and their families," says the W. J. Wollman & Co. Review and goes on to state:

The drain upon the income of the average wage earner for this item has furnished the chief argument against wage reductions and a consequent lowering of the cost of production. Wholesale food prices have de-

The Mann Factory

Many banks purchase all their office supplies and equipment from us. All Mann products are always of the finest quality.

All Mann Products

are made under our roof

SINCE 1848, we have been growing gradually, until today we occupy every inch of space in our eight-story factory building, 21 to 27 North Fifth Street, Philadelphia. In this one plant we have the following complete manufacturing departments:

Blank Book Bindery
Loose Leaf Bindery
Lithographing Department
Printing Department

Engraving and Printing-
from-Steel Department
Copying Book Bindery
with our own Paper Mills
at Lambertville, N. J.

Each one of the above is a complete plant in itself. Each process is started and completed in our own factory.

This assures a uniform, superior quality of work, impossible to obtain if each process were done in a different shop.

Blank Books—Bound and Loose Leaf—Lithographing, Printing, Engraving, Office Stationery and Supplies

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clined, retail prices are coming down, clothing is cheaper, and we are in sight of more reasonable prices for fuel. Of all the items in the average household budget, the one which shows the strongest resistance to decline is that of rent. It absorbs an undue proportion of the pay envelope.

Manifestly we cannot expect wage revisions and other steps in readjustment to proceed with desirable rapidity so long as shelter absorbs such a large percentage of the workmen's income. Laws against rent profiteering are likely to produce disappointingly small results so long as the demand for housing exceeds the supply. The most urgent problem of the day is the correction of this evil through the construction of more houses and apartments that can be rented on a basis in keeping with the manual worker's ability to pay. Building materials have fallen sharply in price, and the wealthy can devote their capital to no higher type of public service than to construction work of this character. The investment will be safe, the return will be ample, and the benefits to the community incalculable.

PRESENT FARMING SITUATION NOT WITHOUT PRECEDENT

"It does not appear that the present agricultural situation is entirely with-

out precedent," writes H. C. Taylor of the U. S. Department of Agriculture and goes on to point out:

One hundred years ago England was an agricultural country, and her farmers produced nearly all the agricultural products consumed. The Napoleonic Wars, 1793-1815, were for British landowners and farmers a time of great prosperity. Rents increased greatly; men of intelligence, enterprise and money were attracted to the land; long leases were made; land rose in value and was eagerly bought at high prices by farmers. The speculator and land jobber also came into the market. But the twenty years that followed the end of the war were a period of hardship to the landowners and farmers. The high rents and long leases became very burdensome to renters, and the promise of "Peace and Plenty" proved a delusion so far as the farmer was concerned.

The same wars affected the agriculture of this country. They caused a great demand for our agricultural products. Prices rose in 1793-94, and remained high for the most of the time until after the close of our war with England, 1812-1815. In fact, prices remained high until 1817. A panic followed, prices fell rapidly and reached a very low point.

Our farmers had the same round of ex-

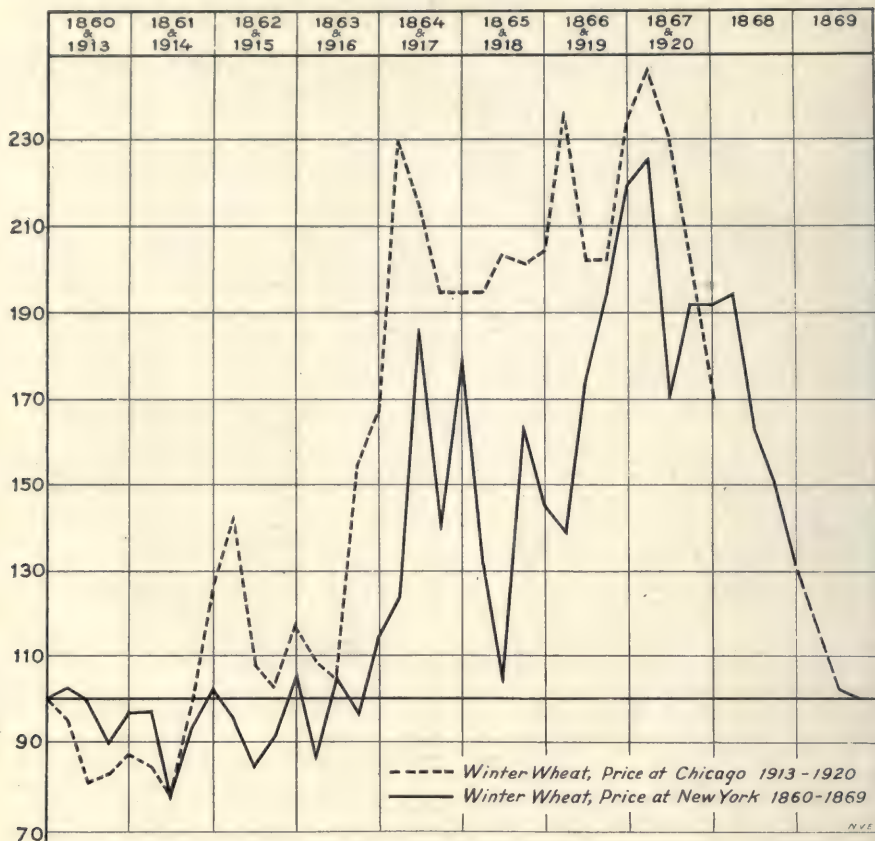


Figure 1

riences in the time of the Civil War and after. (See Fig. 1.) Someone writing in 1864 points out that "there must be something radically wrong with the farmer that does not free himself from debt. Never in the lifetime of the present generation will such another opportunity present itself." Nevertheless, before 1870 there was acute agricultural depression throughout the country.

The National Bank of Commerce in New York makes the following general summary of the agricultural situation:

The weather in the wheat and corn producing section has continued generally favorable, but the season is not yet sufficiently advanced to make possible an estimate of condition of winter crops. The reports of the Department of Agriculture indicate a decrease in the number of live stock on farms in the United States during the year ending December 31, 1920. Cattle are reported as having decreased from 68,369,000 head to 66,191,000, sheep and lambs from 47,114,000 to 45,067,000, and hogs from 71,-

727,000 to 66,649,000. The price of hogs continues high in relation to the price of corn. On March 1 the stock of corn, wheat and oats held on the farms was the largest on record.

TAXATION

Jules S. Bache, who advocates a form of sales tax which he terms the Turn-over Tax, recently explained the workings of this tax as follows:

Every person expecting to receive money from the sale of goods, wares, merchandise or services, must provide himself with a license at a cost of \$1, to be taken out at the nearest tax bureau, and he must have such a license before he can receive the money on any sales.

No one owing money arising from any such transaction need pay same until the collector is provided with such a license.

That license shall entail upon the licensee the obligation to keep a record of his transactions, and to render a monthly statement thereof. Where the monthly statement shows sales amounting to a fixed minimum (I would

suggest \$500 per month), the statement, when rendered, shall be accompanied by a check for 1 per cent. on this amount.

That 1 per cent. the payee shall have the privilege of collecting from the buyer of his merchandise, and when he thus collects it, he does so on behalf of the United States Government. This makes him a custodian of Government funds, and his failure to pay over those funds to the Government, you will readily understand, would be a theft and punishable as such.

No one, for the sake of the small percentage of the amount involved, is going to take the risk of default in making his payment, and I believe that the tax will thus be almost automatically collectible.

I am fixing a minimum in order that there may be no tax-evaders in this country, of which there are so many today. The boot-black, the newsboy, and the peddler are not going to pay taxes. Therefore they may just as well be legally exempted, and thus remain law-abiding citizens.

This minimum would also exempt a large percentage of the farmers, the entire laboring class and a great many of the small factors of commerce on the lines of those that I have just mentioned.

There you have the whole process. Can you find a simpler one? Can you find anything complicated or anything that a person of the most simple mind cannot understand?

The general theory of the sales tax is approved by C. F. Childs and Company, who state:

In its bearing upon present day problems, it may properly be said of the gross turnover, or commodity sales tax, that its economic theory is good, since it lays a penalty upon extravagance in expenditure rather than upon thrift. It furthermore has the advantage of being easy to collect and of being readily estimated in advance, thus relieving conservative business men from the necessity of providing an overhead reserve for taxes in connection with articles they produce or sell. It is estimated that it cost the Government \$25,000,000 to collect the income and excess profits taxes of 1920. This substantial sum could largely be saved by administering a 1 per cent. gross turnover tax which would be automatically collected and paid each month by every licensed merchandiser or manufacturer doing a business in excess of \$150 per month.

RESTRICTING THE COTTON CROP

According to the *Bache Review* many banks in the South are urging farmers to cut their cotton acreage the coming season. One banker is reported to

Resources

\$19,000,000.00

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GEO. ULRICH, Asst. Cashier

C. H. FITCH, Asst. Cashier

W. G. WILCOX, Auditor

Trust Department

CHAS. W. CARY, Trust Officer

have made an announcement that he will carry all loans on cotton until 1922, provided that the debtor will agree not to plant any cotton this season.

With regard to the so-called moral obligation of the South to grow cotton the *Manufacturers' Record* of Baltimore says:

Increased acreage in grain and other crops is most desirable, but if this cannot be done with the labor available, then a reduction of 50 per cent. in the cotton, leaving the balance uncultivated, would reduce the cost of raising the crop, and the small crop would sell for more than a large crop, the net difference being of immense value to the growers. There is no greater folly than to talk about the South being morally responsible to raise cotton. There is no moral responsibility resting upon any single man in the South or upon the section as a whole to raise a bale of cotton. Men raise the things or produce the things which they can sell to advantage. That is their bounden duty to their own families.

NEED FOR ECONOMY

In a letter recently addressed to the banks of the country Secretary of the Treasury Mellon reviewed the condition of the nation's finances and made a strong plea as follows for greater economy:

These figures as to the public debt and the current operations of the Treasury show that the country's finances are sound, but that the situation calls for the utmost economy. The nation cannot afford extravagance, and so far as possible it must avoid entering upon new fields of expenditure. The heavy requirements of the Government on account of necessary expenditures, including interest and sinking fund on the public debt, and the maturity of \$7,550,000,000 of short-date debt within the next two years or thereabouts make it imperative that the greatest care and economy be exercised in matters affecting Government expenditures.

The people generally must become more interested in saving the Government's money than in spending it. A thoroughgoing national budget system must be established, and the Government's expenses brought into relation to its income.

Charles G. Dawes, writing in the *Chicago Journal of Commerce*, had the following to say on the same subject:

At the present time everyone recognizes that we are facing in this country a neces-

sity for economy in governmental expenditures. The exorbitant taxes our people are paying are depressing business. Our industries are languishing; our farm products are selling at around or less than the cost of production; labor of all kinds is being thrown out of employment; profits of all kinds have been reduced or extinguished. The floating debt of the government is about \$2,500,000,000. Including this amount, the government is faced with the necessity of providing for maturing obligations within the next two and one-half years amounting to about \$7,500,000,000, in addition to raising the amount required for its running expenses.

PRACTICAL TRAINING IN THRIFT

The American Bankers' Association recently called for a semi-annual report on all school savings banking systems.

These show that the pupils either deposited in regular bank accounts either directly or through the purchase of stamps a total of \$1,691,856.55 between the opening of the present school year and February 1. The total reported for the entire school year of 1919-1920 was \$2,800,301.18.

On February 1, the pupils had \$381,488 in undivided school deposits; balance in individual pupil accounts, \$3,819,383.52; total of \$4,200,872.32. Owing to the failure of many operating savings banks to segregate such accounts, this amount is estimated to be less than 50 per cent. of the balance to the credit of pupils in the operating banks. It compares with a total of \$2,740,628.49 reported for the school year 1919-1920.

The report is for 2,620 school buildings, with a total enrollment of 1,430,936 pupils. The 1919-1920 data was based on enrollment of 1,015,653.

Cash withdrawals by pupils are reported as \$583,009.14.

DIRECTORS OF NATIONAL BANKS

On March 1, the President signed an Act of Congress (Public No. 349—66th Congress) amending Section 5146 of the Revised Statutes relating to qualifications of directors of national banks. Formerly this section provided that at least three-fourths of the directors of every national bank must have resided



Ye Town Crier

of early days heralded the news he was appointed to announce as lustily and as well as he could. Necessarily, though, his method was hit-or-miss. Some heard; some didn't.

The progressive banker in proclaiming far and wide in his community the merits of his institution dismisses hit-or-miss methods as wasteful, unnecessary and out-of-date.

If he is a Collins client his message is conveyed direct to his public through scientific, business-developing methods.

INQUIRE FOR PARTICULARS

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PHILADELPHIA PENNSYLVANIA

in the State, Territory or District in which the national bank was located for at least one year immediately preceding their election and must be residents therein during their continuance in office. As amended, the section provides that such residence may be in the State, Territory or District in which the office of the bank is located or within fifty miles of the location of such office.

THE LAND BANK DECISION

The Supreme Court of the United States has sustained the constitutionality of the tax exemption of Land Bank bonds. Justice Day in delivering the opinion of the Court summarized as follows:

With the wisdom and policy of this legislation we have nothing to do. Ours is only the function of ascertaining whether Congress in the creation of the banks, and in exempting these securities from taxation, Federal and State, has acted within the limits of its constitutional authority. For the reasons stated, we think the contention of the Government, and of the appellees, that these banks are constitutionally organ-

ized and the securities here involved legally exempted from taxation, must be sustained.

BANK ACCEPTANCES FOR SAVINGS BANKS

Frank L. Palmer, Bank Commissioner of the State of Maine, in his latest report has the following to say with regard to the use of bank acceptances as a secondary reserve for savings banks:

The savings bank's secondary reserve should consist of a suitable amount of assets which yield a fair rate of return, and at the same time are immediately convertible into cash without sacrifice even under abnormal conditions. Bank acceptances, eligible for rediscount with Federal Reserve Banks, are readily convertible into cash without material loss even under depressed market conditions and therefore make an ideal secondary reserve. As the acceptances approach maturity they become even more attractive as a liquid investment and the savings banks, having occasion to dispose of them before maturity, can often do so at a better rate than that at which they were purchased. With such a reserve in times of stress, the savings institutions would no longer have occasion to liquidate their long term securities or depend upon their correspondent banks for assistance.

The Power Behind the Bank

*Manufacturers and Distributors who form
part of the First National Bank's Strong
Directorate of Forty-Four*

The great organizations headed by these St. Louis manufacturers provide employment for hundreds of thousands of people and hundreds of millions of dollars of capital.

They gather raw material from the far corners of the earth and sell St. Louis made products in all lands.

The results of their experience are reflected in the wisdom of their decisions on the many problems presented to them as Directors of the First National Bank in St. Louis.

Capital and Surplus \$15,000,000.00

The Largest National Bank West of the Mississippi



Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia

BANK OF NEW YORK CELEBRATES 137TH ANNIVERSARY

The Bank of New York, N. B. A., the oldest bank in New York State, celebrated its 137th anniversary on March 15. This bank was organized by Alexander Hamilton in 1784, and was incorporated as a national bank in 1865.

EUGENE MEYER, JR., TO HEAD WAR FINANCE CORPORATION

Eugene Meyer, Jr., of New York, has been elected managing director of the War Finance Corporation at a recent meeting. Commenting on the prospective activities of this corporation the correspondent of the *New York Times* states:

The War Finance Corporation is scheduled to play a prominent part in the efforts to increase foreign trade under the Harding Administration if the policy now under consideration is carried out. While the loans which have been requested up to this time are relatively small, ranging from \$1,000,000 to \$3,000,000, they receive sympathetic consideration and the effort will be toward affording strong moral support as well as financial aid to private capital which shows a real endeavor to start things moving.

Dwight Davis of St. Louis has been appointed by President Harding as a director of the War Finance Corporation.

THE "PENNSYLVANIA ZONE"

The Manufacturers Trust Company of New York and Brooklyn has issued a booklet descriptive of the new business district which is growing up in the vicinity of the Pennsylvania Terminal on Manhattan. The pamphlet contains an aeroplane view of the section and a description of the various businesses and trades that are locating there.

N. Y. CLEARING HOUSE TO OBSERVE DAYLIGHT SAVING

The New York Clearing House has announced that it will transact its business in accordance with the standard time provided for in the New York City ordinance which provides for daylight saving time for a period of five months, extending from the last

Sunday in April to the last Sunday in September.

HUTH AND COMPANY ESTABLISHES NEW DEPARTMENT

Huth & Co. have established a department to deal in foreign and municipal bonds, specializing in Danish and Scandinavian issues. The department is under the management of Charles L. Corbett, formerly with Lazard Freres.

NEW YORK AGENCY OF NATIONAL BANK OF SOUTH AFRICA MOVES

The New York agency of the National Bank of South Africa, Ltd., has moved from 10 Wall street to 44 Beaver street, in the newly-erected Kerr building.

The National Bank of South Africa, Ltd., the head office of which is in Pretoria, has



R. E. SAUNDERS

New York Agent of the National Bank of South
Africa, Ltd.

a subscribed capital of £2,965,000 and a paid-up capital and reserve of £4,215,000. The bank has branches in the Cape of Good Hope, Southwest Protectorate, Natal, Orange Free State, Bagutoland, Transvaal, Swaziland, Rhodesia, Portuguese East Africa, Nyasaland, Tanganyika Territory and Kenia, Port Louis, Mauritius, St. Helena, Antwerp and Bombay.

R. E. Saunders is the New York agent.



THIS modern bank building, the home of the Warren Institution for Savings of Boston, stands on Park Street, facing famous Boston Common and adjoining historic Park Street Church. It is a good example of the highest type of combination bank and office building. It was planned by

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

511 Blackstone Building, Cleveland, Ohio

Mr. Saunders has had wide experience in South Africa, New York, London and the European continent, of a character especially qualifying him as branch manager of an important institution like the National Bank of South Africa, and his knowledge and judgment, combined with unfailing courtesy, have placed the New York Agency in a strong position. Mr. Saunders is ably assisted by W. L. Trumble, who has been in the bank's service over twenty years, chiefly in the London and South African offices.

NATIONAL CITY TO ABSORB COMMERCIAL EXCHANGE BANK

The New York Times published the following item on March 18:

Interests closely identified with the National City Bank have secured positive control of the Commercial Exchange Bank and the process of "Nationalizing" the latter institution has been started, according to recent information. An official announcement is expected as soon as certain legal complications are straightened out.

It is expected that the consolidation will take place on or before May 1. The program, it is understood, is to continue the Bowery office and that at 321 Broadway. The one now in the Biltmore is to be transferred to the National City Building, formerly the Manhattan Hotel. Under the law, it was explained, it would be necessary to discontinue one office of the absorbed bank, and it is believed the office at Twenty-sixth street and Broadway will be the one thus abandoned.

It was further ascertained that the National City Bank expects to continue the Bowery office, to handle the great volume of small foreign exchange transactions which arise in that part of the city. A large part of this business has been going to small dealers, and the officers of the National City Bank believe a branch of their institution should become a pronounced factor in this business.

CONDITION OF THE EQUITABLE TRUST COMPANY

The statement of the Equitable Trust Company of New York showed total resources at February 28, 1921, of \$305,743,464.93, deposits \$204,015,351.42, surplus and undivided profits, \$16,077,778.22.

NEW HOME FOR PROGRESS NATIONAL

The Progress National Bank of New York has moved into its new home in the Seventh Avenue building at Seventh avenue and Twenty-eighth street.

ANNIVERSARY OF HARRIMAN NATIONAL BANK

The Harriman National Bank of New York celebrated the tenth anniversary of its charter date by a dinner in the Hotel Biltmore, March 19. An entertainment of motion pictures followed the dinner.



View from City Hall Park, New York, showing the building in which the Atlantic National Bank is located

The growth of this bank is shown in the following table of deposits:

March 20:—

1911 (Date of Charter).....	\$4,100,000
1912 (First Anniversary).....	10,600,000
1913 (Second Anniversary).....	14,200,000
1914 (Third Anniversary).....	17,500,000
1915 (Fourth Anniversary).....	21,100,000
1916 (Fifth Anniversary).....	30,200,000
1917 (Sixth Anniversary).....	35,500,000
1918 (Seventh Anniversary).....	38,400,000
1919 (Eighth Anniversary).....	40,100,000
1920 (Ninth Anniversary).....	41,600,000
1921 (Tenth Anniversary).....	42,100,000

GENERAL MOTORS ACCEPTANCE CORPORATION

At the annual meeting of the stockholders of the General Motors Acceptance Corporation, held March 24, the following directors were elected: Curtis C. Cooper, Albert L. Deane, Irene du Pont, Lamot du Pont, Pierre S. du Pont, Paul Fitzpatrick, J. Amory Haskell, John J. Raskob, John J. Schumann, Jr., Alfred H. Swayne.

At the meeting of the new board of directors the following officers were elected: Alfred H. Swayne, chairman of the board; Curtis C. Cooper, president; John J. Schumann, Jr., Albert L. Deane, Donald M. Spaidal, James H. McMahon, vice-presidents; Reune Martin, treasurer; George H. Bartholomew, secretary. F. Stanley Parson was reappointed auditor, and Livingston L. Short was appointed counsel.

J. Amory Haskell remains a director but

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United States Corporation Company

65 Cedar Street, New York

has retired as president because of pressure of other duties as vice-president of the General Motors Corporation in charge of operations. Paul Fitzpatrick remains a director but retires as vice-president, having been recently elected vice-president of General Motors Export Company.

REMOVAL OF BRANCH OF METROPOLITAN BANK

The Shoe and Leather Branch of the Metropolitan Bank of New York moved into new quarters at 320 Broadway on March 28.

NEW YORK TRUST COMPANY MERGER COMPLETED

The merger of the Liberty National Bank and the New York Trust Company became effective on April 1. The New York Trust Company has a combined capital, surplus and undivided profits of more than \$26,000,000.

The officers include Otto T. Bannard, formerly chairman of the board of the New York Trust Company, who becomes chairman of the advisory committee; Mortimer N. Buckner, formerly president, who succeeds Mr. Bannard as chairman of the board, and Harvey D. Gibson, formerly president of the Liberty National Bank, president of the new company. The board of trustees will be composed of thirty members chosen from the former boards of the trust company and of the bank.

The main office of the company will remain at 26 Broad Street and the offices of the Liberty National Bank at 120 Broadway will become the Liberty office of the company. The Fifth Avenue office at Fifty-

seventh Street and Fifth Avenue will be continued. On September 1, when the new offices at 100 Broadway are completed, the main office and the Liberty office will be merged at that address.

NEW VICE-PRESIDENT OF W. A. HARRIMAN AND COMPANY

W. A. Harriman & Company, Inc., have announced that G. deB. Greene has been elected vice-president and director of the company.

Mr. Greene was for ten years with the General Electric Company in the railway department at Schenectady, and for the last fifteen years was associated with E. H. Rollins & Sons in Boston and New York, having been a director of that company since 1915. Mr. Greene was also chairman of the advisory trades committee in the second, third and fourth Liberty Loan campaigns, and chairman of the New York committee in the fifth Liberty Loan campaign.

GUARANTY TRUST COMPANY APPOINTMENTS

At a meeting of the executive committee of the board of directors, Sigmund Metz and Rudolph Goepel were appointed assistant vice-presidents of the Guaranty Trust Company of New York. Arthur E. Burke was appointed assistant trust officer; Henry D. Quinby, assistant secretary; Daniel H. Bender, assistant secretary.

NEW BRANCH IN THE BRONX

The Bank of the United States opened a branch in the Bronx at the southeast corner of Freeman street and Southern boulevard on March 28.

MUTUAL SAVINGS BANK DEPOSITS INCREASE EACH YEAR

The year 1919, which reached the high-water mark in the history of savings banks in the United States has met its Waterloo in 1920, according to figures issued today by the Savings Banks Association of the State of New York, covering a complete report from mutual savings banks in every section of the nation. The deposits in the 635 savings banks in the Union amounted to \$5,535,389,904.18 on January 1, 1921, an increase for the year 1920 of \$474,760,884.84 or 9.38 per cent., compared with an increase of \$437,215,815.74 for the year 1919.

Statistics from 410 savings banks in the New England States, including Maine, New

Hampshire, Vermont, Rhode Island, Connecticut and Massachusetts, show deposits on hand January 1, 1921, of \$2,112,637,-421.43. This is an increase of \$147,995,-466.97 over the twelve month period previous to this date. The ratio of increase for 1920 in this section is, therefore, 7.53 per cent., as against 7.5 per cent. in the banner year of 1919.

Deposits for the Eastern States, including New York, New Jersey, Pennsylvania, Delaware and Maryland, with a total of 198 savings banks, reached \$3,186,580,900.72 on January 1, 1921. The increase in deposits in this group of states thus approaches one-third of a billion dollars in one year. The actual figure for the total gain is \$310,098,-514.06, or a ratio of 10.78 per cent.

Although there are savings institutions of various kinds in the Southern States for purposes of this report, the Savings Bank Association quotes the figures from the one mutual savings bank of West Virginia. The ratio of increase in deposits is here shown to lead many sections of the country, being 11.84 per cent. for 1920, as against 7.48 per cent. in the previous year. Prorating the gain in deposits, which was \$231,439.50, among the 1,463,701 persons in the state, it may be said that every man, woman and child of West Virginia contributed fifteen cents to make up the sum gained.

The 21 mutual savings banks of the Middle Western States, consisting of Ohio, Indiana, Wisconsin and Minnesota, report an increase in deposits of \$10,851,938.57. Within the group, the greatest individual gain has been made by the State of Ohio, which reports \$3,802,656.71 increased deposits in 1920 over 1919, while by far the greatest percentage of increase for any individual state was reached in Wisconsin, namely 25.66 per cent.

The Pacific Coast States likewise show growth by leaps and bounds in the deposits in the two mutual savings banks of California and Washington. Here, there was an increase of 6.99 per cent. in 1920 compared with 5.68 per cent. in 1919. The California savings institution reports a gain of \$4,150,948.79 or 6.07 per cent., while the Washington bank shows a remarkable increase of 12.48 per cent.

FRED I. KENT DECORATED BY
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The Government of Italy has transmitted through the Secretary of State of the United States to Fred I. Kent, vice-president of the Bankers Trust Company of New York the insignia of Commander of the Order of the



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Office Noise Costs Money !

On page 204 of his book on "Scientific Office Management," Mr. W. H. Leffingwell says this: "Noise is one of the great disturbers. . . . When I mentioned the noise question, the Manager stated that the girls were used to it and 'never noticed it.' I made an experiment. Two of the girls were given a private room where the noise was much less. One increased her output 90% and the other 100% in this extreme case."

Unquestionably noise keeps the nervous system under a constant strain. Causes employees to tire more quickly. Makes concentration difficult. Increases the liability of errors. But it isn't necessary to put each worker in a private room. "No-Nois" Treatment applied to the ceiling of any general office will reduce the noise by 70% to 80%—thereby increasing each worker's output, while at the same time making the day's work easier and less tiring for all concerned.

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made an almost magical difference in the room of one large concern where some 50 to 100 machines are kept going at top speed. Before applying "No-Nois," the constant clackety-clack was like a bedlam. Now the machines are scarcely noticeable.

"No-Nois" Treatment is giving equally satisfactory results—equal quiet—in scores of banks both large and small, and in many industrial offices.

It can be applied without interfering with the work of the office. Does not injure the appearance of the ceiling—the only change is from a noisy room to a quiet one. The cost is far less than the yearly loss through noise. It will pay you to look into this—noise in the office division of your bank is right now probably costing you far more in mistakes and fatigue and lessened output than you realize.

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NEW SAFE DEPOSIT COMPANY

The Harlem Safe Deposit Company of New York at 116th street and First avenue, with Lionello Perera, president, and A. A. Pinto, vice-president and treasurer, has received an authorization certificate from the State Banking Department.

NEW BANK BUILDINGS

Holmes & Winslow, specialists in bank architecture, 134 East Forty-fourth Street, New York, have recently received the commission for plans for a new building for the First National Bank at Tenafly, N. J. This will be an individual bank building, of distinctive type, to cost about \$75,000.

Another new bank building, now under way, is that of the Homestead Bank, Pennsylvania and Liberty Avenues, Brooklyn, N. Y. This building will be of brick, with limestone trimmings and granite base, costing about \$200,000. The counters will be of Italian marble, with bronze screens. The vault, 8x8x24, with circular door, will be installed by the York Safe & Lock Co.

Holmes & Winslow have also just completed a fine \$110,000 building at South Amboy, N. J., for the First National Bank, and have a building under way at Englewood, N. J., for the Mutual Building and Loan Association.

MORE THAN HALF A CENTURY WITH THE CHEMICAL NATIONAL BANK

The Chemical National Bank, one of the oldest in New York, has four men who have been actively connected with it for more than fifty years, their total length of service being 205 years. They had all been with the bank ten years before Percy H. Johnston, the president of the Chemical, was born. Two of them are soon to retire, not because of failing health but as a reward for dutiful services.

From left to right in the accompanying photograph these men are:

John F. Flaacke, transfer clerk, entered the Chemical National Bank fifty years ago as the twenty-eighth clerk. There are now more than 500 employees. He began as a messenger, and had to walk or run his errands. Occasionally he would wait for the Broadway stage. Fifty years ago the employees used candles, and instead of adding machines they used their heads and fingers. During the fifteen years that Mr. Flaacke worked in the money cage he handled \$450,000,000 in cash.



The Half Century Club
Chemical National Bank of New York

Frederick W. Stevens, director, has served continuously for fifty years. He graduated from Yale in 1858. When he became a director in 1871 he was the tenth on the list. In all its history the Chemical has had only thirty-five men on its board, and up until three years ago had had only twenty-five. Mr. Stevens has known all of the bank's presidents since John Q. Jones, including President George G. Williams, who was in the service of the bank sixty-one years. Mr. Stevens says he remembers the panic of 1873 when industrial and financial depression had plunged the nation into gloom, and the Chemical Bank declared a dividend at the unprecedented proportion of 100 per cent. The directors recently celebrated the fiftieth anniversary of Mr. Stevens' election and presented him with a handsomely engrossed testimonial signed by all his associates of the board.

Edward P. Brown, bookkeeper, joined the Chemical force fifty-four years ago. When he entered as a messenger in 1867 he carried the mail, all of which he put under his belt. When he asked for a mail bag, the answer was that the bank could not afford such an extravagant and foolish luxury. Mr. Brown worked in the various departments of the bank, including bookkeeping and note telling. He retires at an early date.

Francis Halpin, vice-president, has completed fifty-one years of service with the bank. He began as messenger, his route covering all of the city above Chambers street. The bank then occupied the space now used as the corridor. By the side of the bank was a hydrant and little tin cup that served the employees. That was before the war on germs and microbes. Graduating from one position to another, Mr. Halpin rose through the ranks until 1917, when he was appointed vice-president. He announces that he will retire in July.

The Chemical National Bank recently announced the retirement on pay of the following faithful clerks, who have served the bank on an average of forty-seven years: A. A. Firth, D. P. Johnson, E. R. McLaury,

C. H. Wessells, Henry Moore, O. B. Garthwaite.

ANOTHER UPTOWN OFFICE FOR BANKERS TRUST COMPANY

The second uptown office of the Bankers Trust Company of New York opened on March 30 at 57th street and Madison avenue. It is a complete unit of the Bankers Trust Company, offering all banking and trust services which are now rendered by the Wall street and Fifth avenue offices.

The officers of the new Fifty-seventh street office include Colonel H. H. McGee, vice-president, and Clifford Wilmurt and Randal H. Macdonald, Jr., assistant treasurers. Miss Jean A. Reid is in charge of the women's department.

UNITED STATES MORTGAGE AND TRUST COMPANY

At the annual meeting of the stockholders of the United States Mortgage and Trust Company of New York, held March 10, the retiring directors were reelected and Charles E. Graham, senior vice-president, Chesapeake & Ohio Railway, was elected a director to fill a vacancy.

The board of directors declared a quarterly dividend of six per cent. on the capital stock of the company, payable April 1 to stockholders of record March 26.

RALPH CRANE JOINS BROWN BROS. AND COMPANY

Ralph T. Crane, who has been manager of member bank relations of the Federal Reserve Bank of New York since 1919, has become associated with Brown Bros. and Co., 59 Wall street, New York, and will devote his time to extending the firm's relations with banks and security houses outside of that city.

Mr. Crane has been in the banking business since 1896. In 1906 he became vice-president and treasurer of the Montclair, New Jersey, Savings Bank and still retains his official relations with that bank.

For several years he was a member of the investment firm of Ludwig & Crane, New York, leaving there to take up his work with the Federal Reserve Bank. Between 1917 and 1919 he was associate director of the certificates of indebtedness department of the Federal Reserve Bank through which the many billions of dollars worth of treasury certificates were distributed among the twelve hundred banks of the district and in this position, and later as manager of member bank relations, his per-

sonal contact with bankers in the New York district became very intimate.

GUARANTY TRUST COMPANY OF NEW YORK

The statement of condition of the Guaranty Trust Company of New York at February 28, 1921, showed total resources of \$893,680,782.11; deposits, \$620,592,190.08, and a total capital, surplus and undivided profits of \$62,727,273.77.

QUARTERLY DIVIDENDS DECLARED

The board of trustees of the Equitable Trust Company of New York have declared a quarterly dividend of 4 per cent., payable March 31 to stock of record March 21.

The board of directors of the Columbia Trust Company of New York have declared the regular quarterly dividend of 4 per cent., payable March 31 to stockholders of record March 21.

The Textile Banking Company, Inc., has declared a quarterly dividend of 2 per cent., payable April 1 to stockholders of record as of March 17.

"BANKERS ACCEPTANCES AS AN INVESTMENT"

The American Acceptance Council, 111 Broadway, New York, announces as the latest addition to its series of pamphlets on acceptance subjects a booklet entitled "Bankers Acceptances as an Investment." The author is Morton H. Fry, New York, who prepared it at the request of the Council. It is particularly directed to those investors—whether corporations or individuals—who have not yet been buyers of acceptances or have bought only sporadically and to whom the inherent advantages possessed by bank acceptances should appeal.

The booklet makes clear that possessors of idle funds who buy bank acceptances are investing in a paper of unquestioned soundness and liquidity and are utilizing their funds in a safe, profitable and convenient way. It also shows that such investment assists in fostering our domestic and foreign commerce, in emancipating it from foreign credits, and in establishing our financial system upon a better and sounder basis.

Although concisely and simply presented, the scope of the pamphlet is comprehensive, as indicated by the headings treated, as follows: Bank acceptances as a short term investment, safety, liquidity, convenient maturities and denominations, investors in ac-

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ceptances, how to buy bills, how to sell bills, method of collecting acceptances at maturity.

The need for a brief, non-technical presentation of the investor's side of the bankers acceptance subject has been increasingly felt ever since the enactment of the Federal Reserve Act made the acceptance the basis of the American discount market.

A price of 10 cents merely to cover cost of printing and handling has been placed on the booklet to other than Council members. Prices for quantity lots may be obtained upon application.

ROBERT E. ALLEN

At a meeting of the board of trustees of the Central Union Trust Company, New York, Robert E. Allen was appointed assistant treasurer of the company.

JOSEPH B. LEDERER

At a meeting of the board of directors of the American Union Bank of New York, Joseph B. Lederer was appointed a vice-president of the bank.

STATEMENT OF THE NATIONAL CITY BANK

The capital, surplus and undivided profits of the National City Bank of New York, according to the statement of February 21, 1921, are \$106,982,975.99. Total resources are \$969,834,026.37 and deposits \$582,692,131.06.

The growth in deposits of this bank are shown in the following table:

1870	\$4,933,000
1880	18,428,000
1890	16,353,000
1900	151,479,000
1910	215,737,000
1920	698,592,000

NATIONAL COMMERCIAL BANK AND TRUST COMPANY

The condensed statement of the National Commercial Bank and Trust Company of Albany, N. Y., showed total resources at February 21, 1921, of \$40,160,228.03, deposits, \$34,270,553.76, surplus and undivided profits, \$2,983,297.08. The capital of this bank is \$1,250,000.

FIRST NATIONAL BANK OF JERSEY CITY

At the close of business on December 29, 1920, the First National Bank of Jersey City, N. J., had total resources of \$14,022,021.41. The complete condensed statement follows:

RESOURCES

Loans and discounts.....	\$6,436,814.12
Customers' liability account of acceptances	3,509.51
U. S. bonds and certificates....	2,602,730.00
Real estate and securities.....	1,113,503.63
Lawful reserve with Federal Reserve Bank	806,089.55
Cash in vault and due from banks and bankers	3,059,374.60
	<u>\$14,022,021.41</u>

LIABILITIES

Capital	\$400,000.00
Surplus	800,000.00
Undivided profits	599,001.43
Circulation	391,300.00
Bills payable	NONE
Time acceptances	3,509.51
Deposits	<u>11,828,210.47</u>
	<u>\$14,022,021.41</u>

FIDELITY UNION TRUST COMPANY

The statement of condition of the Fidelity Union Trust Company of Newark, N. J., at February 21, 1921, showed total resources of \$57,848,325.43; deposits, \$50,372,810.71; surplus, \$630,634.93, and undivided profits, \$1,490,567.97.

The capital is at present \$4,855,800, but it has been announced that it will be increased to \$6,000,000 in the near future.

FIRST NATIONAL AND THREE OTHER PITTSBURGH BANKS MAY UNITE

According to a dispatch to the New York *Times*, preliminary consideration has been given to a project to merge the First National Bank, the People's National Bank, the People's Savings and Trust Company and the East End Savings and Trust Company of Pittsburgh, the plan being to have the First National Bank take over the other three institutions. Should the negotiations result in such a deal, Pittsburgh will witness probably the largest bank transaction in its history, with the exception of the acquisition last year of the Farmers' Deposit group of banks by the Union Trust Company.

Inquiry among bank executives has

brought out the information that the possible merger of the First National and the people's "group" has reached the stage where terms would be drafted if the directors of the four institutions approve the project. The matter then will be placed before the 1,500 stockholders of the banks. Thirty days must elapse after the stockholders get notice before the project can be voted upon.

The capital, surplus and deposits of the four institutions, according to latest official statements, follows:

Bank	Capital	Surplus	Deposits
First Natl. .	\$4,000,000	\$2,806,581	\$34,391,539
People's Nat. .	1,000,000	2,759,358	23,140,456
Peo. S. & T. .	3,000,000	6,415,584	12,838,420
East End ..	250,000	189,146	3,031,789

The aggregate capital and surplus would be close to \$20,000,000, and the deposits almost \$70,000,000.

FIRST NATIONAL BANK OF CANONSBURG BEGINS ALTERATIONS ON BUILDING

The First National Bank of Canonsburg, Pa., has just announced that active work will be started on its alterations. These are to be of a very extensive nature and will result in a practically complete new bank building. The plans, specifications, active construction, decorations and furnishing will be by Hoggson Bros., the bank building specialists of New York and Chicago.

When completed the First National Bank will have what has proven to be a very profitable type of building, the banking quarters on the main floor and desirable modern offices on the second floor.

The following are the officers and directors of the bank: George D. McNutt, president; Robert L. Park, vice-president; J. W. Munnell, cashier; Clyde H. Jacobs, assistant cashier; directors, H. W. Cockins, E. L. Munce, J. H. McBurney, O. L. Paxton and J. A. McConnell.

THE BANK OF PITTSBURGH, N. A.

The statement of condition at February 21, 1921, of the Bank of Pittsburgh, N. A., of Pittsburgh, Pa., showed total resources of \$61,944,200.46; deposits, \$49,274,777.81, and surplus and undivided profits, \$5,080,781.80. The bank is capitalized at \$2,400,000.



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\$37,500,000



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The Merchants National Bank of Boston

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

EARLIER in the year the hope was expressed in many quarters that the recovery of business, which had started, would proceed rapidly; and in many lines this hope seemed to be well founded, especially in textiles, leather, shoes, etc. A bit of a change has come however. Forward buying has slowed down perceptibly and, as a consequence, the mills are forced to curtail production in many instances. This does not mean depression, but it does mean that hopes of a rapid recovery in the deflated industries are not to be realized, and recovery and upbuilding of business to a normal basis is to be a slow and gradual process, held back by the expected deflation in some of the big industries that have not yet been greatly affected. But even if the process is slow and gradual, it is steady and sure, and New England's fundamental industries are making progress that is very satisfactory under the circumstances. The trend of commodity prices is steadily downward and the task of lowering wages—which seemed so difficult just a little while ago—is being accomplished rather easily.

During the past month there has been no appreciable change in the credit situation. While the Federal Reserve report indicates a tendency toward relaxation in money, the movement is exceedingly slow.

Throughout New England there is still a great deal of unemployment, but there has been no material increase during the past month. A slow but steady improvement in this respect is looked for by New England

business leaders unless the situation be still further complicated by ill-advised strikes.

The shoe trade is on a hand-to-mouth basis of buying as far as standard lines are concerned, but there is more activity in specialties and novelties. Current business in leather of course reflects the conditions of the shoe trade, and as staple lines are being more or less neglected in favor of so-called novelties, leather stocks of the staple variety are accumulating rapidly.

There has been little change in the wool market. Heavy-weight goods have found a better market than many expected would be the case, and it would seem to indicate a feeling that the manufacturers had brought prices down to a fairly reasonable basis. Stocks of raw materials at the mills are not heavy and it is expected that they will soon come into the market with heavy purchases. At this writing, however, the tendency is to adopt a waiting attitude. Since the veto of the Emergency Tariff bill buying abroad for American account has been resumed, but on a smaller scale and at lower prices than prevailed a short time ago. There will, undoubtedly, be a substantial tariff on wool, but the real question with which the trade is most concerned for the present is, when that tariff will be put into operation.

At this writing the building trades are still at logger heads although many of the larger jobs have been resumed under open shop arrangements. Early Spring weather has given a new impetus to the real estate market, and with a fair supply of mortgage money available there is every promise of a brisk business in real estate this year. If the building labor situation can be cleared

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Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

up it also will have a material effect on the real estate situation.

Business failures are numerous but, for the most part, relatively unimportant, and indicate no special strain in any particular industry or locality.



WORCESTER BANK AND TRUST STARTS NEW DEPARTMENT

Warren S. Shepard, vice-president of the Worcester Bank and Trust Company of Worcester, Mass., will head a new department of the bank known as the educational department, the establishment of which has just been announced by officials of the bank.

There are to be two branches of the new department. One will be conducted for the benefit of the employees of the bank and the other will co-operate with the high schools of the city in offering the senior classes an opportunity to study practical banking at first hand.

The purpose of the department, so far as the employees is concerned, is to offer a course in the principles of bank practice. There are 140 employees of the institution

eligible to attend the classes and more than a third of the employees of the institution have already signified their intention of attending. The classes will be divided into groups of 20 and as soon as one group has completed the course another will be started. The subjects to be considered are: "Instruments of Banking," "Loans and Discounts," "Collections and Protest," "Trust Department," "Foreign Exchange and Foreign Credits" and the "Federal Reserve System."

Mr. Shepard says the employees of the bank are enthusiastic over the plan and the officials are hopeful it will make them better able to serve their customers through a thorough understanding on the part of every employee in the workings of every department of the bank. Classes were started on April 1.

The idea of the new department is indirectly an outgrowth of the war when employees were called to serve in the army and their places had to be filled quickly. Officials found few young people, even with a thorough education, who had any idea of the practical side of the banking business.

Thus originated the idea of co-operating with the high schools and making it possible for high school graduates to get a general

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 202,580
F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

idea of how a bank's business is conducted. At the same time they found when they had to transfer employees from one department to another, in many instances, it was like putting an inexperienced person in the position. The employer knew his own work but was a total stranger in another department of the bank. The new educational department will give all employees an opportunity to become familiar with all departments so they may be transferred from one department to another and know what to do.

W. IRVING BULLARD FOR WORLD COTTON CONFERENCE

Announcement has just been made of the selection of W. Irving Bullard, vice-president of the Merchants National Bank, of



W. IRVING BULLARD

Vice-President Merchants National Bank,
Boston, Mass.

Boston, Massachusetts, to serve as American chairman of the committee on finance and insurance at the World's Cotton Conference to be held in England in June. Sir James Hope Simpson will be the English chairman of this committee.

GROWTH OF MAINE SAVINGS BANKS

At the recent annual meeting of the savings banks of Maine, Frank L. Parker, Bank Commissioner, said in part:

The savings banks of Maine are to be congratulated on the very remarkable showing they have made during the past year. Notwithstanding the abnormal condition through which we have passed, the increase of savings deposits for the year ending September 25, 1920, amounted to \$6,353,760. This is by far the greatest increase of savings bank deposits during any year in the entire history of the Banking Department.

The gross income of our 43 savings banks amounted to \$5,516,340. Of this amount \$579,864 was required for expenses, including taxes, and \$3,328,156 for dividends to depositors, leaving a balance of \$1,108,318 after the payment of expenses and dividends to depositors.

The Maine savings banks occupy a unique position to-day, as they have materially increased the rate of gross income, while on the other hand there has been a reduction in the total expenses of such institutions. This increase in income has resulted largely from the exchange of low yielding out of Maine municipals for Liberty Bonds.

In making a comparison of our savings bank investments with those of ten years ago, the outstanding feature has been the increase of United States securities from .03 per cent to 21.12 per cent, and a somewhat corresponding decrease out of Maine municipals from 18.71 per cent. to 1.85 per cent. of total resources. This change from municipals of other states to Government securities leaves our savings banks with rising one-fifth of their total resources in Liberty Bonds, which are universally conceded to be the best security in the world. This situation has resulted not only in a very material increase in income from such holdings, but also in a decrease in the amount of taxes resulting from the exchange of taxable for tax-exempt investments.

In years past the tax burden of savings banks was greater than all other expenses combined. The legislature, recognizing the inequality of taxation, very wisely reduced the tax burden of savings banks, and as a result, the reduction in taxes has more than offset the increase in other expenses of our banks. You will therefore readily see that this change in investments to tax-exempt Liberty Bonds, together with the reduction in the rate of taxation by the last legislature, accounts for the substantial increase in the net earnings of the 43 mutual savings banks of Maine.

Occasionally criticisms come to the attention of the Banking Department in reference to the alleged tendency of our savings banks to invest the funds of Maine people in enterprises located outside the State. Such criticism is, in my opinion, due to a lack of knowledge of the actual facts. As I have already stated, raising 21 per cent. of the total savings bank resources consists of United States securities. Of the remaining resources approximately 48 per cent. represents cash investments in Maine, while 31 per cent. represents investments in other states. It is not to be expected or desired that all the savings bank funds should be invested within the state. The successful management of our savings institutions

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Impenetrable Non-Shatterable Clear Vision

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NEW YORK

requires that there should be a proper distribution of investments, both as to their nature and also as to their location. In view of the recognized principles of sound investing and the legal restrictions placed on the investment of savings bank funds, I consider that our savings banks are entitled to considerable credit in confining their out of Maine investments to 31 per cent. of their total resources.

During the past several years we have come to realize more fully the importance of maintaining our banking institutions in a more liquid condition. As the average rate of return on savings bank investments is comparatively low, it is desirable that the bank's balance of idle funds should be as small as is consistent with its needs. At the same time it is important that the bank should maintain an adequate secondary reserve to meet unusual withdrawals in excess of current deposits. High-grade securities are no longer looked upon as desirable secondary reserve, as the bank is liable to have occasion to resort to such reserve at a time when securities can be disposed of only at a great sacrifice.

The savings bank's secondary reserve should consist of a suitable amount of assets which yield a fair rate of return, and at the same time, are immediately convertible into cash without sacrifice even under abnormal conditions. Bank acceptances eligible for rediscount with Federal reserve banks, are readily convertible into cash without material loss even under depressed market conditions, and therefore make an ideal secondary reserve. As the acceptances approach maturity, they become even more attractive as a liquid investment, and the savings banks, having occasion to dispose of them before maturity, can often do so at a better rate than that at which they were purchased. With such a reserve in times of stress, the savings institutions would no longer have occasion to liquidate their long-term securities or depend upon their correspondent banks for assistance. In this connection I de-

sire to call the attention of savings bank trustees to the provisions of Chapter 50 of the Laws of 1919. This act of the last legislature permits savings banks to invest in acceptances which are eligible for rediscount with Federal Reserve Banks, provided they have been accepted or indorsed by a trust company incorporated under the laws of this state, or a member of the Federal Reserve System located in New England or the State of New York.

The investment of savings deposits in such acceptances would in no respect lower the conservative standard established for savings bank investments. In fact, bank acceptances are even safer than the deposit of funds in the accepting bank, as the acceptance is not only the obligation of the bank accepting the bill, but also has the added strength of the drawer and indorsers thereon. Such investments are not only as safe, but also nearly as liquid as the interest-bearing deposits held by correspondent banks, and the rate of yield would be much larger than on such deposits.

At the present time eight savings banks of the state have approximately \$500,000 invested in such acceptances. It is earnestly urged that the remaining savings institutions give careful consideration to the advantage of such investments for secondary reserves, and as a means of temporarily absorbing surplus funds not available for long-term investments.

CONDITION OF THE PROVIDENCE NATIONAL BANK

The statement of condition of the Providence National Bank of Providence, R. I., at the close of business, February 21, 1921, showed resources of \$4,861,145.48; deposits, \$2,496,892.25, and surplus and undivided profits, \$1,235,064.75.

The Standard American Reference Book on International Banking

The **International Banking Directory**, the first American directory to be published entirely in the interest of international banking, is now ready for distribution.

The intention of the publishers is to make it the standard reference work for American banks interested in foreign business and for foreign banks using American banking connections.

Banks and bankers of the United States and abroad will find this book of real value to them in connection with international business. Some of the special features included in it are listed below.

The American Banker will find :

Information about the banks in all countries with locations of their many branches listed alphabetically by cities and towns.

Lately revised maps of all countries and geographical divisions.

A large amount of economic information about each country.

Much financial and general information of value to banks interested in international business.

The Banker Abroad will find :

The most complete select list of American banks he has seen in any international directory.

Lists of principal correspondents of a large number of American banks, enabling him to trace banking connections within the United States.

Valuable financial and economic information with regard to the United States.

Maps of the United States and of the Federal Reserve Banking System with interesting information regarding the latter.

The book is 7 x 10 inches, strongly and handsomely bound in red cloth and contains 527 pages, exclusive of maps and inserts, completely indexed.

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ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

DESPITE the many disturbing factors in the business situation, the South continues to maintain its industrial and commercial activity. This was illustrated in the recent announcement by one of the largest department stores of the South, in New Orleans, that there have been more purchasers of goods this year than last. It is a recognized fact that the South is weathering the financial storm in better shape than other parts of the country. Sugar is picking up, and the cotton market is coming out of the ether.

The rice market, however, is still in the dumps. Louisiana, Arkansas and Texas produced, last season, nearly 13,000,000 pockets of clean rice, and only 4,000,000 have been sold. The trade does not believe that more than 3,000,000 pockets can be moved within the next few months. That would leave 6,000,000, or nearly one-half of the crop, still in the warehouses.

According to present indications, the acreage planted to rice this year will be about one-half what it was last year. Only the land best adapted to the cereal will be employed, and every possible economy will be put into effect. It will have to be, because the banks are very chary of advancing money.

With the cost of production reduced to a minimum, it is thought the rice farmers will be able to make some money in the future, even if the price, now at the pre-war level, does not rise. The principal cause of distress in the rice situation to-day is the expense of production. In the expectation of tremendous prices, before the bottom dropped out, a huge acreage was planted. Men who didn't know anything about rice growing became rice farmers over night. Land that was not adapted to rice culture was put into this crop. The vastly increased acreage bulled the labor market. So, while rice is bringing a great deal less than the cost of production, a large percentage of this cost falls into the it-oughtn't-to-have-

been class. The industry is now on a more sane basis.

Georgia has joined the general movement to curtail the cotton acreage. Declaring that 50 per cent. of this last season's cotton is still in the hands of farmers, some of whom are holding for 18 cents and some have no selling policy and don't know what to think, the Georgia Bankers Association has come to the conclusion that the financing of another large crop would be madness, and is insisting on greater diversification.

Reduction of acreage, it is pointed out, would aid in the fight on insect pests, enable the farmers to employ their labor better, improve the soil, and save money in the production of feed-staples, for which farmers have been paying out cash. However, cotton is not the only thing that has dropped



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Our first President

Merchants National Bank

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Capital . . . \$400,000
Surplus and Profits over 1,825,000

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in price, and to flood the market with the diversification-crops would not improve conditions.

In its interest in the Foreign Trade Financing Corporation of New York, the South is showing its financial strength. This corporation is similar to, though larger than, the Federal International Banking Company, recently organized in New Orleans by 1300 Southern banks to finance foreign trade. The capital of the latter company is \$7,000,000; all has been subscribed and it is a going concern. The New York organization calls for \$100,000,000. It is offering the stock throughout the country.

More and more is the South coming to realize the necessity of developing foreign trade. Naturally this is receiving the strongest expression at the ports, and New Orleans, the second port in the country, is the leader.

In March a special train of representative business men of New Orleans made a trade-getting tour of Mexico. There were nearly 80 in the party. Efforts had been made, in recent years, to launch similar trips, but they had gone by the boards. The success of this trip is taken as proof of the increasing interest in foreign trade.

Besides bringing back a great deal of new business, the members of the expedition re-

port they gained a first-hand knowledge of many problems, and formed commercial acquaintanceships that will yield handsome returns in the future.

The first retail clothiers' and furnishers' convention ever to be held in Louisiana will be held in New Orleans May 2. More than 100 of the leading retail clothiers and furnishers of the state are expected to be present.

Through the retail merchants bureau of the Association of Commerce the merchants of New Orleans are seeking to improve the ethics of what Champ Williams of Chattanooga recently called the "profession of business." The first step is to force advertising along lines of greater truth. In advertising bargain sales, certain stores have been rather loose in the use of the word "values." "Five dollar values for 1.25," etc., etc. The goods may have been sold for \$5 at one time, but that does not mean their value is now \$5. So the merchants decided, and they defined "value" as the price at which two or more representative stores are selling goods of the same grade. Bargain sales will have to make their selling appeal on this basis. Merchants who kick over the traces will be cautioned by the Bureau; if they persist in using phony "values" they will be subject to prosecution, for the attorney-general has promised his cooperation, and says there are ample laws on the statute books to protect the people and the merchants who are playing fair.

The recent effort to restore packet river service between New Orleans and Cincinnati was abandoned after the first trip of the "Queen City." The development of the river business lies in the hands of the Government barge line, which was established two years ago, and has been increasing its business steadily. It has now begun to pay expenses. It was not expected to pay expenses when it first started, because of the

Opelousas National Bank

OPELOUSAS, LA.

Capital\$50,000
Surplus and Undivided Prof-
its106,300

E. B. Dubuisson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagni, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October
1, 1903. Collections solicited.

First National Bank

Richmond, Virginia



The Old First--Established in 1865

Capital and Surplus . . . \$3,500,000

Resources 38,000,000

OFFICERS

JOHN M. MILLER, Jr. President
C. R. BURNETT Vice-President
ALEX. F. RYLAND Vice-President
S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
JAMES M. BALL, Jr. Cashier
THOS. W. PURCELL Trust Officer

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

inadequate equipment with which it was supplied. Its success is due not only to the cheaper water rates, but to the through bills of lading with which it handles freight received from or consigned to railroad territory, based on this reduction. This differential-territory has been steadily extended.

An interesting compilation on the density of population of the United States shows that the South is not the howling wilderness so often pictured. The population of Louisiana, for instance, is 39.6 persons a square mile, which is four more than the national average, and 50 per cent. greater than that of Kansas, so often held up as a shining example. Alabama, which leads the Gulf States, has done even better than Louisiana. The manufacturing states, of course, beat these records hands down, but the figures show that the South is far from being an uninhabited desert. That the need of immigration is great, is another way of saying that the opportunities are great.



NEW TRUST COMPANY FORMED IN BALTIMORE

Having filed its charter of incorporation with the state bank commissioner, the Atlan-

tic Trust Company of Baltimore, Md., has organized with the election of officials as follows: president, Eugene L. Norton; vice-president, Laurence Jones; vice-president, James Bruce; secretary and acting treasurer, J. Bosley Jessop; assistant vice-president; Richard H. Bond; assistant secretary, Donald Reitz; assistant treasurer, J. Gill Jacobson. The officers named are the directors, with E. F. Brundage, of the General Chemical Company, and W. S. Cahill, of the Cahill Company, manufacturer of marine boilers. Vice-president Jones will be manager of the new company's foreign department and is now abroad in this interest, having established connections in England, France, Belgium and Italy. This new financial organization of Baltimore is capitalized

W. R. Rison Banking Co. HUNTSVILLE, ALA.

Capital \$100,000
Surplus and Undivided Prof-
its 165,820

A. L. Rison, Pres.
Harry M. Rhett, Cash.

Collections will receive prompt attention
and be remitted for on day of payment.
Established 1866.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President
SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.
JOSEPH W. LEFFLER, Cashier

CLINTON G. MORGAN, Vice-Pres.
WILLIAM R. WEBB, Asst. Cash.

at \$1,000,000, and this amount has been oversubscribed by more than 530 stockholders, including forty men connected with other Baltimore financial organizations.

NORFOLK BANKS TO MERGE

A merger of the Marine Bank and National Bank of Commerce of Norfolk, Va., has been agreed upon by the directors of both institutions and will become effective as soon as ratification is secured from the stockholders. The capital stock of the National Bank of Commerce will be increased from \$1,000,000 to \$1,200,000, and the total resources of the combined institutions will be \$23,000,000. The officers of the Marine Bank will be taken over by the National Bank of Commerce.

In addition to the present officers of the National Bank of Commerce, R. C. Taylor, Jr., president, and R. Cornelius Taylor, cashier of the Marine Bank, will become vice-presidents of the new bank,

BLUEFIELD NATIONAL BANK

The Bluefield National Bank of Bluefield, West Virginia, announced its fourth anniversary on March 1, 1921, and increased its

capital from \$100,000 to \$250,000. The condensed statement at February 21, 1921, showed total resources of \$1,460,467.13, deposits, \$1,119,616.76, and surplus and undivided profits, \$20,350.37.

NEW BANK ORGANIZED IN GREENSBORO, N. C.

The Farmers and Mechanics Bank and Trust Company opened for business on March 1, in Greensboro, North Carolina. The capital is \$100,000 and officers are as follows: J. P. Sanders, president; S. A. Caviness, C. J. Tinsley, vice-presidents; R. M. Middleton, cashier.

HAROLD J. DREHER ELECTED VICE-PRESIDENT OF BANKING COMPANY

Harold J. Dreher, of New York, has been elected vice-president and director of the Federal International Banking Company of New Orleans, La., the new foreign trade bank recently established under the Edge Act by twelve hundred Southern bankers. Mr. Dreher will assume his new position at once.

Mr. Dreher is a native of Wisconsin and

received grammar and high school education in Milwaukee, after which he graduated from Marquette University College of Law in 1908 with a degree of LL.B. In 1915 he was admitted to the bar of the Supreme Court of Wisconsin. He started in the banking business with the First National Bank of Milwaukee, and later was connected with the Marshall and Ilsley Bank where, in 1912, he became assistant cashier. In 1916 he was elected assistant cashier of the National City Bank of New York.

During the war he served in the American Expeditionary Force in France, and after the armistice was signed, he served as the first assistant financial requisition officer, acting as banker of the A. E. F. in control of its funds in Europe. He was mustered out with the rank of major.

Mr. Dreher is a prominent member of the American Institute of Banking, and in 1914 was national president of that organization. During the past year Mr. Dreher has been conducting special investigation work in Europe for J. P. Morgan & Co., in connection with the organization by that firm of the Foreign Commerce Corporation of America. This work consisted of a survey of the industrial, commercial, financial, economic and political conditions in the principal countries of Europe, with reference to the possibilities for foreign trade. While engaged in this work Mr. Dreher made a special study of the textile industry in central Europe. The intimate knowledge of actual conditions in Europe based on personal contact with the financial and industrial leaders of European countries gives Mr. Dreher an equipment peculiarly adapted to the new work which he has undertaken for the Federal International Banking Company.

SECURITY NATIONAL BANK OF DALLAS NAMES NEW PRESIDENT

At a meeting of the board of directors of the Security National Bank held at Dallas on March 14, John T. M. Johnston, of St. Louis, Mo., was elected president and a director of the bank. He takes up his active duties at once, succeeding D. E. Waggoner, who retires from the presidency to devote his attention to other lines of business, but continues as a director and in an advisory capacity.

Mr. Waggoner has been president of the bank since its organization some eleven years ago, and has built up one of the largest financial institutions in the Southwest. His health has not been the best for

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We invite inquiries and shall be pleased to submit sketches as suggestions without obligation to the bank.

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Metropolitan Trust Company	- -	New York City
National City Bank	- -	New York City
French-American Banking Corporation	- -	New York City
Cortland Savings Bank	- -	Cortland, N. Y.
Sanford Trust Company	- -	Sanford, Me.
Perth Amboy Savings Bank	- -	Perth Amboy, N. J.
National Traders' Bank	- -	New Haven, Conn.
Liberty Savings Bank	- -	Washington, D. C.
Essex National Bank	- -	Montclair, N. J.
Bath National Bank	- -	Bath, N. Y.
First National Bank	- -	Harmon, N. Y.
Bank of Hicksville	- -	Hicksville, L. I., N. Y.
Citizens National Bank	- -	Caldwell, N. J.
Peoples National Bank	- -	New Brunswick, N. J.
Bank of Coney Island	- -	Coney Island, N. Y.
First National Bank	- -	Jamaica, L. I., N. Y.



D. E. WAGGONER

Recently Resigned as President Security National
Bank of Dallas



JOHN T. M. JOHNSTON

Newly Elected President Security National Bank
of Dallas

the past several months, and he expects to take advantage of the opportunity offered for a long rest, before again becoming active in business. He is also president of the United Fidelity Life Insurance Company of Dallas, as well as having other large interests.

Dr. Johnston was formerly a prominent

Kansas City banker. In recent years he has acquired large interests in other Missouri banks. He is at present a director in the Liberty Central Trust Company of St. Louis, with a capital and surplus of \$4,000,000, of which his son, J. L. Johnston, is president. Mr. Johnston is also a director and member of the executive committee of the Van Noy Interstate Company of New York, a director in the First National Bank of Joplin, Mo., and the First State Bank of Madison, Ill. He is interested in a number of other financial institutions, and his connection in Dallas will carry large resources to the Security National Bank and the Southwest.

S. W. Sibley and R. P. Titus were elected vice-presidents of the bank; Mr. Sibley being a Texas man of wide banking experience, and Mr. Titus formerly connected with the Liberty Central Trust Company of St. Louis.

In commenting upon the change, Judge W. F. Ramsey, chairman of the Federal Reserve Bank of Dallas, said: "It will, of course, be a matter of sincere regret to the hundreds of friends of D. E. Waggoner throughout the country, that he is giving

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
E. H. Pringle, Jr., Vice-Pres.
R. S. Small, Vice-Pres.
A. R. LaCoste, Vice-Pres.
G. W. Walker, Cashier.
J. H. Lucas, Assistant Cashier.
C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
Drafts on Charleston drawn with exchange
remitted without charge.

up the presidency of this well known institution, though, on reflection, I think it will be recognized that after a service of more than thirty years in the banking business it is quite natural that he should wish to relieve himself of the burdens and details of the bank and give his attention to his other large interests. It is gratifying, however, that the institution will continue to have the benefit of his advice and association.

"Dr. Johnston is a builder, well known throughout the Southwest, and the connection of himself and his associates with this large institution is a matter of congratulation not only to the bank but to Dallas and Texas."

NEW BANK ORGANIZED IN TEXAS

The Clifton National Bank has been organized in Clifton, Texas, with a capital of \$25,000. The president is C. M. Moore and cashier, R. S. Clement.

GEORGIA BANKERS CONVENE

The Country Bankers' Association and the Georgia Bankers' Association held a joint convention this year at Macon, Ga., on March 22-24. An unusually interesting program of addresses and entertainment was provided.

H. Warner Martin, president of the Georgia Bankers' Association and president of the Lowry National Bank of Atlanta, in his address recommended a policy of credit curtailment. He said in part:

There is no doubt that we must in future stabilize our credits by subjecting them to the close business scrutiny which legitimate banking requires. Because you like a man personally, or because he possibly needs money, or because he is an all-round good fellow, is not sufficient reason to justify you in lending other people's money to him. He should have the credit standing or the collateral to justify the accommodation. We have in the past probably been too willing to accept one-man paper, when the status of the man's credit really required a good endorsement to make it safe. If we were running our banks as accommodation bread lines, such a policy might be in keeping with our humane object but it would be mighty poor policy for a business institution. If the borrower cannot secure you, he is not entitled to the credit, particularly when you are crediting him with money held in trust. I submit that there are too many hazards to justify too broad a humane policy. Failure, bankruptcy, dull trade, business reverses, unfortunate investments, and even deliberate fraud may be the undoing of a strong financial institution, which has seen fit to cheapen credit, and grant loans not in keeping with good business principles. There is hardly any man, who has not the real or fancied need of more money, but to grant accommodation to a man because he thinks he needs it, when his credit does not justify it, is short-sightedness. In view of conditions as they exist to-day, such a policy is indeed dangerous.

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Owners of Case Machinery find in most Case Dealers cherished traditions of business and conscientious pride in the products they sell and take care of.

Rugged strength characterizes the products of Case. Honesty and integrity mark the carefully selected dealers through whom Case products are distributed. A spirit of American thoroughness and ingrained fairness, persistently present in the manufacture and sale of Case Machinery, are among the definite credit-commanding assets of Case owners.

J. I. Case Threshing Machine Company
Dept. D401 Racine, Wisconsin



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri.

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

PREDICTIONS of easier money conditions in the near future which have been borne out in part by a fractional reduction in the interest rate on British and American treasury bills, find little support in commercial finance of the Central West. The demand for funds is still heavy and is augmented just now by a considerable amount of renewal paper, representing obligations undertaken four or six months ago which the borrowers have found it impossible to liquidate because of shrinkage of inventories and slow sales of commodities. Rates for commercial paper hold firm at $7\frac{3}{4}$ to 8 per cent. for the bulk of the business although a small amount of the highest class is still being placed at $7\frac{1}{2}$ per cent. The bank loan rate is maintained around 7 per cent.

The settlements of March 1 were passed without signs of distress and the income tax payments of the middle of the month caused only a slight increase in rediscounts at the Federal Reserve Bank. Clearance of these transactions has been followed by a resumption of the downward course of member banks' loans and reserve note circulation, both items being at the lowest figures recorded since early last year. This steady improvement strengthens confidence in the financial situation and confirms the belief that business has been on the bottom and is in the way to better things. An easing of rates, however, has seemed as imminent several times in the last six months as at present and each time hope has been deferred, with the result that prophets are fewer and the number of those who realize that the progress to full recovery will be slow is larger. Few complaints at this are heard and most observers are content that the new structure of prosperity be built slowly and substantially.

Meanwhile there is nothing about the state of trade in this region to justify lamentation. It may cause surprise and sound entirely out of line with the general idea of commercial conditions, but it is a fact that

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the sales of the largest retail store in Chicago for each of the first three months of this year were in excess of those in the corresponding part of last year. In this statement the turnover is reckoned in dollars and cents and no allowance is made for the fact that prices generally are much lower than in the first quarter of 1920. The same is true of most of the metropolitan stores, but in the country districts curtailment of buying is noticeable. Evidence of this is found in the slump in sales of the large mail order houses, the decrease amounting to 40 or 50 per cent., as compared with last year; but even here there is a silver lining to the cloud. The farmer has not reduced his purchases by half, and

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he has money, all indications to the contrary notwithstanding, for sales of farm products in the last month or two have been on a larger scale than at this season in many years, albeit prices are much reduced. The agriculturist is buying more at his home stores, partly on credit, and is taking less from the mail order houses, to which he has to pay cash.

This may account in part for the fact that the country merchant, although still buying close to immediate needs and for the replenishment of depleted stocks, is nevertheless buying in liberal volume and frequently. Wholesale orders compare favorably with those of last year, an unusually large proportion being for immediate shipment. In some lines, particularly the best known brands of staple cottons, there is a narrow margin of supplies, and the trend of prices would be upward but for the strong sentiment among merchant buyers against any such reaction and the continued decline in the raw material, amounting to about 35 per cent. in the last two months. Woolens and silks are in good demand, for the manufacture of summer and fall apparel and for merchants' shelves, and there is no over-supply. Clothing and furniture are moving slowly, the former in part because of the mild weather of winter and spring and in part because of unemployment, and the latter because prices in this department have been reduced less perhaps than in any other. The Easter turnover of merchandise was excellent, and did much to encourage a cheerful view of the prospects for trade of late spring and the summer.

Shoppers' demands, as usual, present many features for which it is hard to ac-

count, and which do not fit in readily with popular ideas of business depression. The diamond trade is better than it has been for nearly a year. Jewelers, as a rule, have less complaint to make of business than have grocers who are selling goods in many cases at a loss in order to clear their shelves of high-priced products and make way for new canned goods and cereals at readjusted levels. Silk dress goods and silk hosiery are going better than many of the staples in which price reductions have been much greater. Many buyers in fact seem intent on taking advantage of the recent price-cutting not by seeking supplies at the lowest cost but by purchasing goods of better quality at about the same prices they have been paying for the last two years.

Manufacturing operations have increased moderately in the last month. There have been further reductions in steel prices, principally by the smaller makers, and these are getting most of the new business, increasing their plant activity proportionately, while the largest producers, still working on old orders for the most part, report some curtailment. Structural materials show the greatest improvement in demand, in spite of the fact that the building boom is still held in check by labor conditions, and the automobile manufacturers are taking more than for several months past. Rails and track accessories make up the greater part of the railroad buying and there is a fair demand for oil tank and culvert materials. Pig iron prices are lower, and nominal, as there is little inquiry, and scrap is at the lowest quotations in six years, heavy melting steel having declined to around \$11 a ton. Implement makers expect to make more money this year from replacement of parts than from sales of new machinery.

The number of building permits issued shows a gratifying increase, but costs are still so high that no great activity in this industry can be expected. Little is being done outside of industrial projects in which there is urgent necessity or apartment enterprises in which promoters are tempted by the excessive rents and figure on selling the new buildings or writing them down to a reasonable cost basis before the housing famine can be relieved, which it is generally believed can hardly be in the next five years. Labor is holding out for \$1.25 an hour and there seems slight prospect of an agreement between contractors and the unions. Promoters of large projects will not go ahead on a cost-plus basis. There have been substantial reductions in some materials, but these assume less importance

when the figures are compared with those of 1914. For instance, lumber, which is off 30 or 40 per cent. from the peak, is still 100 per cent. higher than seven years ago. Brick has not been reduced at all. Architects' figures show a decrease of 17.81 per cent. in apartment house construction costs as compared with August, 1920.

Selling of farm products has increased with the continued decline in prices under the influence of general economic conditions and the unusually large reserves in growers' hands as shown by the government report. Crop prospects are very good for this time of year, and while export demand holds up well it is not sufficient to offset depressing domestic conditions.

The edge has been taken off the investment market by the flood of offerings of new securities in the first two months of the year and business is now very slow. Bank deposits are somewhat lower and for the first time in years savings accounts show frequent alternations of gains and losses instead of going steadily upward. Undoubtedly these accumulations are being drawn upon for living expenses to some extent; but not enough to indicate any distress. Increased thrift has done much to offset the effect of decreased earning power. Attractive investment opportunities also have something to do with checking savings deposits.



COMPLETION OF MERGER OF TWO CLEVELAND BANKS

Following the completion of the merger of the National Commercial Bank with the Guardian Savings and Trust Company in Cleveland, Ohio, the National Commercial, March 1, became the Commercial office of the consolidated bank.

President J. A. House has announced that the personnel of the Commercial office will be the same as that of the National Commercial Bank. President L. A. Murfey, vice-president C. L. Murfey, and cashier E. T. Shannon, have been named vice-presidents and H. G. Hutchinson, assistant cashier, has been elected an assistant treasurer.

The Commercial in addition to handling the large volume of commercial business, in which field it has made a high record for seventy-six years, on March 1, opened savings, foreign and trust departments.

This merger gives the Guardian Savings and Trust Co. resources approximating \$100,000,000, and six branch offices. The capital has been increased from \$3,000,000 to \$4,000,000 and surplus to \$4,000,000. Re-



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sources of the National Commercial were over \$13,000,000.

The corporate history of one of the oldest banks west of the Alleghenies closed with the completion of this merger. The Merchants' Branch Bank was organized in June, 1845, as the successor of the Commercial Bank of Lake Erie, which was chartered in 1816. In 1864 it was reorganized as the Merchants' National Bank with T. P. Handy, president. The name was changed in 1884 to the Mercantile National Bank, and in 1904 this institution was consolidated with the Commercial National Bank as the National Commercial Bank.

The Commercial National Bank was organized in September, 1845, as the Commercial Branch Bank, with William A. Otis as president. In 1864 this bank took out a new charter as the Commercial National.

At the time of the consolidation of the Mercantile and the Commercial banks, C. L. Murfey was president, and L. A. Murfey, cashier, of the Mercantile. Both brothers began their banking careers in that institution as messengers half a century ago. C. L. Murfey was elected a vice-president of the National Commercial and L. A. Murfey continued as cashier. Following the resignation of W. G. Mather from the presidency in 1917 to become chairman of the board of directors, C. L. Murfey was chosen president and his brother, vice-president. Both E. T. Shannon and H. G. Hutchinson have been with the Mercantile and the National Commercial for two decades.

Following the ratification of the merger of the National Commercial Bank with the Guardian Savings and Trust Company, the directors made the following promotions in addition to those already mentioned:

Vice-presidents: John Fish, assistant treasurer, head of the mortgage loan department; E. A. Stockwell, assistant trust

officer; George B. Johnson, manager of the bond department.

Assistant secretaries: J. A. Ward, assistant cashier, secretary of the new business department; E. A. Stockwell, assistant trust officer; C. F. Bruggemeier, assistant cashier, member of the loan department staff; A. D. Fraser of the loan department; H. W. Pinninger of the stock transfer department; W. H. Hoppe of the trust department.

Assistant treasurers: C. E. Kyle, manager of the Rocky River Office; G. A. Church, head of the transit department; F. G. Stuber, manager of the Euclid-46th Office; Elmer Guentzler, head of the pay roll department; O. W. Fullerton, savings teller. J. J. Luthi and H. J. Coates were named assistant trust officers.

Additions to the Guardian board of directors are W. G. Mather, C. L. Murfey, L. A. Murfey, E. L. Fisher, S. Livingston Mather, Jonathan Warner, K. F. Gill, H. K. Oakes, Proctor Patterson, and E. R. Perkins, Jr., all of whom were directors of the National Commercial Bank.

OPENING OF NEW MIDLAND BANK

The Midland Bank, a new Cleveland institution, opened for business April 4, with a capital of \$2,000,000 and paid in surplus of \$400,000. It is located in the Leader-News Building, and has complete facilities for handling commercial and personal transactions, domestic or foreign. There are about 1,200 shareholders throughout the Fourth Federal Reserve District.

William J. Sharer, the president of the new institution, was president of the First National Bank of Zanesville, Ohio, for nine years, and is still chairman of the board. He was also president of the First Trust and Savings Bank of that city. He is di-

rector of the Citizens Trust and Savings Bank of Columbus, Ohio. His first banking experience was with the First National Bank of Alliance, Ohio, which he entered as messenger and where he later became assistant cashier.

He was cashier of the First National Bank of Wellsville, Ohio, for two years, removing to Zanesville in 1904 and taking a similar position there, later becoming president of the bank. Mr. Sharer has served



W. J. SHARER

President The Midland Bank, Cleveland, Ohio

as president of the Ohio Bankers Association and is a member of the public relations committee of the American Bankers Association, of which he was chairman last year.

Carl R. Lee, vice-president, was assistant cashier of the Union Commerce National Bank and the Bank of Commerce, N. A., of Cleveland. Frank A. White, cashier, was assistant cashier of the Union Commerce National Bank. J. Brenner Root, assistant cashier, was with the National City Bank of Cleveland, and Emmett W. Sample, assistant cashier, was with the Guardian Savings and Trust Company of Cleveland.

REPORT OF OHIO BANKS

Combined resources of all state banking institutions subject to state supervision amounted to \$1,512,998,628 at the close of



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business February 21, 1921, according to a compilation completed by the Department of Banks, based on returns made by these institutions under a call for a report of condition as of that date.

These figures show a gain in resources of approximately \$215,908,000, over the corresponding period in 1920, which growth is considered notable in view of the diminished



Directors' Room
The Guaranty Trust Company, Butler, Pa.

The walls are in English Oak with hand carved panels, the furniture of the same material, the hangings of maroon velour, the decoration in subdued polychrome.

Further views of this building and its interior, with any information desired as to the planning and general arrangement, will be gladly furnished upon request.

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DAVID R. FORGAN, *President*

BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice President
S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

industrial and economic activities of the country during the recent past.

Total deposits of these institutions at the close of business February 21, 1921, amounted to \$1,256,000,000, which sum compared with the deposits for the same period of the year before was an approximate increase of \$142,000,000.

It is a source of gratification to record that during the past year deposits in savings accounts have increased nearly \$67,000,000, which gain, it would seem warranted to assume, evidences a growing spirit of thrift on the part of the people, and reflects the continuing prosperity of Ohio banks.

As pointed out in a preceding report of conditions of the banking institutions referred to in this statement, the absorption of several national banks by state banks has been a contributing cause in the increases in resources and deposits shown during the twelve-month period just passed.

Notwithstanding the heavy demands for money made upon the banks, particularly during recent months, lawful reserves are being well maintained. Total reserves on hand at the date of this call were approximately \$10,000,000 in excess of the legal requirements. Cash on hand and due from

banks showed a total of \$163,042,794, as compared with \$150,411,565 in February of 1920, a gain of \$12,631,229. Loans of all classes totaled almost \$954,000,000, as compared with \$944,000,000 the year before, a gain of \$10,000,000. Bonds and securities totaled \$296,062,344, compared with \$281,884,498 at a corresponding time last year, a gain of \$14,177,846.

Stock in the Federal Reserve Bank increased \$893,500 during the year. There are now 82 state banks holding membership in the Federal Reserve System, and the total resources of these member banks on February 21, 1921, aggregated \$814,000,000, as compared with \$545,000,000 of a year ago, a gain of \$269,000,000, at which time 74 State banks were members of the system.

Capital, surplus and undivided profits of state banks amounted to \$158,243,716, as compared with \$125,422,384 a year ago, an increase of \$32,821,332.

Seven hundred and sixty-one incorporated and unincorporated banks reported under the call of February 21, 1921.

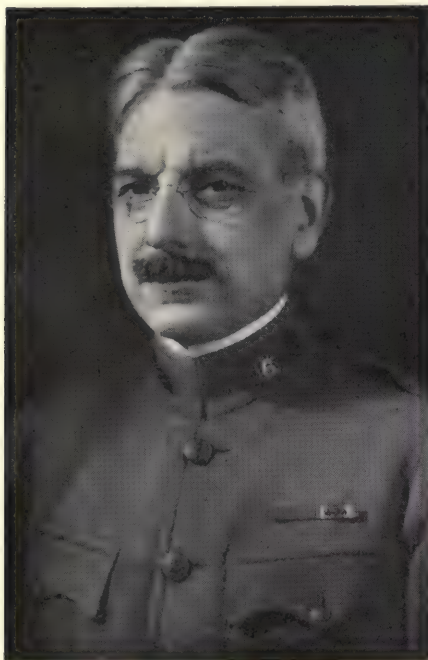
RETAILING METHODS

The National Cash Register Company of Dayton, Ohio, has issued a booklet entitled,

"Getting the Most out of Retailing." It is an example of what this company is doing to urge merchants to raise the standard of retail merchandising methods. The book is well illustrated showing the right and the wrong way to make retail sales.

GUARDIAN SAVINGS AND TRUST HAS NEW ADVERTISING MANAGER

Lieutenant Colonel Arthur C. Rogers has been named advertising manager of the Guardian Savings and Trust Company of Cleveland, Ohio, succeeding I. Webster



LIEUT. COLONEL ARTHUR C. ROGERS
Advertising Manager Guardian Savings and Trust
Company, Cleveland, Ohio

Baker, who resigned in February to enter an agency in Grand Rapids, Michigan.

Before he entered advertising, Col. Rogers was a master printer. He was the first advertising manager of the Cleveland Trust Company. For eight and a half years he directed the advertising of one of Cleveland's stores. He was with the Fuller and Smith agency three years, and later organized the Rogers-Baker agency, of which he was president until he resigned to enter the war.

He was assigned as division ordnance officer of the Second Division. He was in

France for almost two years and was with the Second Division at the battles of Chateau-Thierry and Soissons. Two citations for especially meritorious service were bestowed upon Col. Rogers, one by General Pershing and the second by the commander of the Second Division.

In October, 1919, he was released from the army to become civilian member of the Cleveland ordnance district claims board. He was recalled to the army July 1, 1920, and in May was called to Washington to serve as a civilian member of the war department claims board.

Col. Rogers broke an advertising record when he prepared an advertisement which, appearing in a nationally known magazine, directly sold \$3,250,000 business, according to the firm's records.

PRESIDENT OF NATIONAL CITY BANK RETURNS FROM TRIP

F. A. Crandall, vice-president of the National City Bank of Chicago, recently made a two weeks' eastern trip, visiting bankers of Baltimore, Philadelphia, New York and Boston.

While in New York, Mr. Crandall attended the annual dinner of the Trust Companies Division of the American Bankers' Association.

NO ILLINOIS BANK FAILURES IN 1921

Illinois has escaped the bank failures that have resulted in a number of states this winter. This state has had no state bank failures since January 1, 1921, when a law passed by the Fiftieth General Assembly more than two years ago, compelling private banks of the state to enter either the State or National System, went into effect. This announcement was made by Andrew Russel, auditor of public accounts.

WALTER S. McLUCAS ACCEPTS NATIONAL CITY POST

Walter S. McLucas has resigned as president of the Commerce Trust Company of Kansas City to accept a vice-presidency of the National City Bank of New York.

Following a joint meeting of the directors of the National Bank of Commerce and Commerce Trust Company, before which Mr. McLucas announced his resignation, a committee composed of F. G. Crowell, F. G. Robinson, G. S. Carkeener, J. C. Nichols and R. P. Brewer paid the following tribute to their retiring officer in a telegram to J. H.



There are two times
when you need an ac-
count with the Commerce

*1st: When you have surplus
funds*

2nd: When you haven't

When you have surplus funds, you need a safe place to deposit. Our invested capital for your protection is fourteen and one-half million dollars.

When you haven't surplus funds, you sometimes need a place to borrow. Our resources are over \$95,000,000—and making loans is part of our business.

The National Bank of Commerce

IN ST. LOUIS

Fulton, general executive manager of the National City Bank:

"At a joint meeting of the board of directors of the National Bank of Commerce and the Commerce Trust Company the information was imparted to us by our friend and associate, W. S. McLucas, that he had been called to the vice-presidency of the National City Bank of New York and had accepted the responsibilities of that position. It was with deepest regret that the officers and directors of these two institutions learned that Mr. McLucas was leaving us. His ability and personality have not only endeared himself to us personally, but his executive and constructive genius has aided largely in making possible the phenomenal growth and success of our banks. His departure from Kansas City will not only be a great loss to these associated banks, but also on account of his leadership in all civic affairs, it will be a distinct loss to Kansas City and the Southwest.

"We, however, congratulate you on having secured for your great bank the services of a man who has the absolute confidence of our officers and directors and has the ability to respond to every opportunity and responsibility placed upon him."

The committee that drafted the telegram was chosen by the directors of the Commerce banks. Their tribute reflected the sentiment of the entire staffs of the institutions.

Mr. McLucas has been president of the Commerce Trust Company since 1917. He joined this institution as vice-president in 1915, coming here from St. Joseph, where he had been connected with the Merchants'

Bank and the First National Bank. His exceptional ability and personality made him popular and successful in his service at the Commerce Trust Company. Last year Mr. McLucas served as president of the Chamber of Commerce. He is a director in various local corporations. In addition, he is director of the United States Chamber of Commerce, a member of the executive committee of the trust company section of the American Bankers Association and of the executive committee of the American Acceptance Council.

KANSAS CITY CONSOLIDATION

Plans for the consolidation of the National Bank of Commerce and the Commerce Trust Company of Kansas City, Mo., were approved recently at a joint meeting of the boards of directors of the two institutions.

The combined resources of the merged institution will be in excess of \$100,000,000, according to J. W. Perry, president of the National Bank of Commerce, who made the announcement of the merger.

William T. Kemper, chairman of the directorates of the two banks, it is under-



First National Bank Club's Twenty-Ninth Annual Banquet at Planters Hotel, St. Louis, Mo.

stood, will remain at the head of the directorate of the merged institution.

Several factors are said to have brought about the decision of the financiers controlling both institutions to push the merger to a conclusion. One was the recent resignation of Walter S. McClucas, president of the Commerce Trust Company. He leaves Kansas City to become vice-president of the National City Bank of New York.

Mr. Perry stated that details of the merger had not yet been worked out. He issued the following statement:

"A joint meeting of the board of directors of the National Bank of Commerce and the Commerce Trust Company has been held at which time a proposition looking towards a consolidation of the business of the two banks was unanimously approved. Nothing definite was agreed upon, but it was decided that one big organization would be a very desirable institution.

"Steps will be taken soon to bring about this consolidation. This will in no way interfere with the handling of the business of either bank. In fact, the large departmental facilities brought about by this consolidation will afford much greater facilities than now possessed by the separate banks.

"The boards will be consolidated and all of the officers retained in various departmental positions. This will give to Kansas City one of the largest banks in the United States.

"About three years ago all of the stock of the Commerce Trust Company was purchased and is now held by the stockholders of the National Bank of Commerce. No de-

cision was reached as to whether the bank would operate as a national or a state institution, but in either case the consolidated banks will be a member of the Federal Reserve System."

FIRST NATIONAL BANK CLUB ANNUAL DINNER

The First National Bank Club, an organization of the 657 employees of the First National Bank in St. Louis, held its second annual banquet at the Planters Hotel in that city on the evening of March 17, with one hundred per cent. attendance.

Officers for the club for the coming year were elected as follows:

Harry Bischoff, president; W. C. Staus, first vice-president; Ed. Cummings, second vice-president; Miss Marie Fitzgerald, third vice-president; John Duncan, secretary; Walter Clark, treasurer; John I. Hayward, director.

Frank O. Watts, president of the First National Bank, in his annual address to the club, complimented the organization on its many accomplishments during the past year, including the equipping and management of the country clubhouse on the Meramec River, the athletic activities in baseball, basketball and bowling, and the educational work done by the club. Mr. Watts declared that the club has during the past year been instrumental in bringing closer together the various departments of the bank, which has resulted in increased efficiency of the institution.

During the evening many novel features were introduced, mass singing, music, professional entertainers, and an impromptu gridiron program. Dancing followed the banquet and formal program.

BYRON W. MOSER ELECTED PRESIDENT ST. LOUIS Y. M. C. A.

Byron W. Moser, vice-president of the First National Bank in St. Louis, has been elected president of the St. Louis Young Men's Christian Association at a meeting of the board of directors.

Mr. Moser for a number of years has been just as active in the affairs of St. Louis young men as he has been in the banking



BYRON W. MOSER
Vice-President First National Bank,
President Y. M. C. A.

circles. He was president of the St. Louis Institute of Banking for several years and enjoyed the distinction of being the national president for two years, of this progressive body of young bankers. He entered the banking business in 1903, at which time he became associated with the St. Louis Union Trust Company. He was elected assistant secretary in 1913 and secretary in 1914. Later he was elected vice-president of the St. Louis Union Bank, which bank consolidated with the Third National and Mechanics-American National Bank about two years ago, as the First National Bank in St. Louis. Mr. Moser holds membership in several St. Louis clubs.



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**BUSINESS MEN VISIT MEXICO
CITY**

Warren M. Chandler, vice-president of the National Bank of Commerce in St. Louis, Mo., and head of its new business department, was one of a party of St. Louis men who left on April 5, for a trip to Mexico City. This trip has as its object the fostering of closer business and financial relations between St. Louis and Mexico. While in Mexico City the party will be the guests of President Obregon.

**MISSISSIPPI VALLEY ASSOCIATION'S
PLATFORM**

The Mississippi Valley Association in outlining the immediate needs of the Mississippi Valley territory has embodied three salient features of development that it hopes to accomplish with the aid of the new administration. A letter to this effect has been presented to President Harding, with the urgent request that the hopes and endeavors of the Valley citizenry be given careful and considerate attention, to the ultimate end that his sympathy and coöperation may be had in obtaining these objectives, which are as follows:

1. The completion of the demonstration of the practical economy of inland waterway transportation through the operation of the Mississippi-Warrior Barge lines, initiated by the people of the Valley, and put into operation by the Federal Government; and the development of an adequate inland waterway system of transportation through the completion of the principal channel projects;

2. The continued development by the United States Shipping Board, under Section 7 of the Merchant Marine Act, 1920, of overseas trade routes from uncongested Southern ports, thus enabling shippers from the Middle West to utilize any port through which they may move products with the greatest economy and efficiency;

3. The continuation of the justified export rail rates from the Central Western States to Southern ports on a parity with the rates to North Atlantic ports, as developed by the United States Railroad Administration.

Special stress is to be laid on these three development needs at the coming convention, and plans to make them a reality will be the paramount issue in the adoption of the program of future activities to be pursued by the Association, immediately following the convention.

**DEATH OF CHAIRMAN OF BOARD
OF MINNEAPOLIS BANK**

The death of Hiram Rogers Lyon, chairman of board of the Midland National Bank of Minneapolis, Minn., occurred in Pasadena, Cal., on March 12.

Beside his connection with the Midland National Bank, Mr. Lyon at the time of his death was vice-president of the Russell-Miller Milling Company, vice-president of the Electric Steel Elevator Company, president of the Northland Securities Company, also of the First National Bank of Mandan, North Dakota, the Occident Elevator Company, and the Mandan Electric Company. He was also president of seven county banks.



Western States

Comprising North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico and Oklahoma

ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

EXCEPTIONAL progress in preparing for spring crops and highly favorable winter wheat prospects are the brightest phases of the business of the Western States. To these encouraging influences may be added the reports of good pasture conditions, all of which combine to make an agricultural outlook so far as production is concerned that could hardly be improved upon in the West. While cheered by the agricultural crop outlook, the Western States are not enjoying any general improvement in business. This is easily explained. Continued weakness in a majority of the products of the Western States has served to weaken further the purchasing power of this territory, which is reflected in practically all distributive lines.

Nature could hardly have provided better weather for seeding work than farmers enjoyed the past month. Spring plowing and seeding operations are far in advance of the normal average at this date as a result, and it is also apparent that the expense of putting in the various crops will be reduced. With more time in which to plow and plant, farmers have been able to conduct their work with a minimum of outside labor, thus reducing expenses. Seeding of oats is well advanced as far north as Nebraska, with indications of a larger area than a year ago. In the portions of the Western States where cotton is grown, a smaller acreage is in prospect, but this will be offset by the planting of other crops, notably cereals. It is true that farmers are disappointed over the prices prevailing on markets, but contrary to impressions in some quarters, there are no indications that they will make any important reduction in the areas devoted to cultivated crops. The fact that the winter just closed was one of the mildest ever witnessed is responsible for some nervousness over the character of the growing season. However, every growing season is marked by more or less nervousness as to the outcome of crops. If the next few months are

as favorable as the weather of the past thirty days, abundant harvests will be garnered.

It is doubtful if sales of implements for spring farm work and in anticipation of harvests during the past month reached a volume half as large as that of a year ago. Tractor sales were hardly one-fourth of the business of last year. Parts for repairing implements have been in strong demand, reflecting the spirit of economy prevailing among farmers. Country merchants and mail order houses have felt this economy in the sale of practically all goods. Even labor was affected, for the number of workers employed on farms is probably smaller than a year ago, with wages reduced. Farmers felt prosperous and spent money freely a year ago. To-day their bankers, being in a tight position, are discouraging even the smallest loans. At the same time farmers are compelled by their smaller returns from crops and in many instances by their debts, to do more of their own work and to spend less freely than a year ago. Another factor is the opposition to the range of prices on implements and other articles, which, with few exceptions, have not yet been readjusted to the level of farm products quotations. Small reductions announced by implement manufacturers the last few days are among the tardy and inadequate recognition of the necessity of such revisions.

Grain markets proved the source of greatest disappointment to the West the past month. Wheat receded to a new low level on the crop. Corn and oats are also practically at a new low level for the crop year. The recent farm reserve estimates revealed enormous holdings of cereals, the aggregate being the largest on record for this season. There is basis for encouragement in these figures because they reveal large liquid resources. Demand for corn at terminals, however, is confined largely to elevator interests who are taking the grain for storage, selling futures in speculative markets against it. Thus, the outlet for corn on markets is largely of a speculative character, the grain being car-

Be a Winner

Keep Your Liberty Bonds

The subscriber who holds his bonds will not lose a dollar.

Market fluctuations do not change the intrinsic value of Uncle Sam's securities or affect his interest payments.

Liberty Bonds and Victory Notes

—backed by the nation's strength
—are the world's premier investment.

Buy All You Can Afford

at current advantageous market prices.

Government Loan Organization

120 Broadway

New York

ried by speculators who consider the price cheap. What they will do and what will happen on markets when the delivery period is reached in May is a question. Unless there is a decided reversal in the demand for the cash grain, speculators may find enormous quantities of corn tendered them on their future purchases. There is a possibility of a scramble to unload the futures with bearish results on prices. Moderate purchases of wheat for export to Europe are about the only source of strength in the trade in the bread grain. So much wheat is still available for export that the foreign demand is imparting only limited support to prices. Flour millers are still operating only 50 per cent. of capacity, with buyers so cautious in domestic channels that sales are being made largely in dribblets. Low grades of flour display a better tone, owing to improvement in foreign buying. Farmers are still slow in selling wheat and corn on account of the price situation, but they are also affected temporarily by the rush of spring work. It is not uncommon to find farmers bringing in a few sacks of wheat

to their local shipping stations to raise money for current expenses. On the whole, the movement of wheat is heavy for this season, but hardly commensurate with the volume of the reserves on farms.

In the live stock industry the mildness of the weather promises to raise the average production of young stock this spring. On the other hand, market conditions, while not so depressive as in the earlier days of this year, continue unsatisfactory. Fed cattle are still bringing unprofitable prices, having lost a portion of the recent advances in prices. Sheep and lamb feeders continue to suffer immense losses. Hogs are alone profitable. Stagnation continues in horses and mules. Owing to the losses of last year, together with the lack of credit, fewer trades have been made for young cattle on southern breeding grounds to move northward in the West this spring than in many years. To aid stockmen, railroads have announced a reduction, effective with the opening of April, in freight rates on cattle from Southwest points to northern pastures, that will restore the tariffs which prevailed prior to the advances of last August. This reduction is to remain in effect until July 15. A large movement of cattle to northern points is probable owing to the desire of bankers to bring about early liquidation of loans, but the failure of the rangemen to make sales means that they will be handicapped in acquiring young cattle to restock their land.

Shearing of another clip of wool finds the West still carrying the bulk of the 1920 fleece and unable to obtain advances on consignments. There is agitation for a temporary embargo against importations of wool. Whether this would help the market materially is a question, but even students of markets who believe the solution of present domestic trade ills does not lie in tariff walls are willing to agree to a concession to the wool growers in their present emergency. Over large areas of the West the stagnation in wool is a serious restricting influence on business. Hide markets are about as stagnant, with prices so low that dealers believe some farmers and stockmen will not go to the trouble to save skins owing to the lack of remunerative returns for the labor skinning involves.

Oil, lumber, copper, coal, lead, zinc and other industries report irregular conditions. The crude oil market displays a steadier tone. Refined products are firmer, but the market is in an artificial condition to a degree, especially on gasoline. The purchasing power created by the oil industry shows a sharp shrinkage. Lumber trade is quiet,

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) \$1,000,000
Total Resources (Over) . \$30,000,000

Joseph H. Millard, Chairman of the Board

Walter W. Head	President
Ward M. Burgess	Vice-President
B. A. Wilcox	Vice-President
Frank Boyd	Vice-President
O. T. Alvison	Assistant Cashier
J. A. Changstrom	Assistant Cashier
W. Dale Clark	Assistant Cashier
Edward Neale	Assistant Cashier

Direct Transit Facilities

The result of years of effort to improve service to correspondent banks

with more activity in sales in cities than in rural districts. Coal is depressed. Lead and zinc producers, as well as copper interests, are operating on a very limited scale, owing to low prices and poor demand. At packing centers threats of a strike of labor are unsettling business and affecting live stock markets. Reductions in wages are slowing up sales in the residential districts of the West where the wage earning classes predominate. The number of unemployed is about unchanged. Railroad traffic shows further curtailment, and the carriers are gradually making more and more concessions in the way of lowering of rates in an effort to revive business.

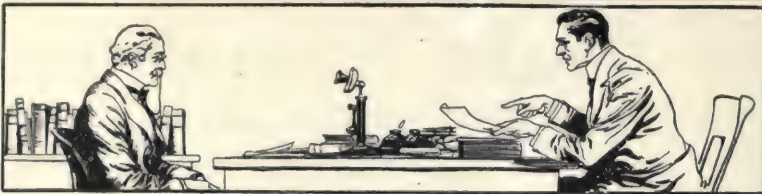
Money markets recorded improvement, with small liquidation of loans, until the influence of the federal income tax payments began to be felt. The income tax payments, while sharply reduced as compared with a year ago, sent the position of banks back to that of a month ago. This is disappoint-

ing because another month has elapsed without further improvement in the position of banks that is so necessary to aid in financing the new crops of the coming summer and fall. Country bankers are holding credits down. Many assert that they are going to force farmers to continue to sell crops to meet not only the spring expenses but also the cost of harvesting later in the year. While this policy will be helpful and while lower prices will further reduce new crop financing requirements, the Western States will be unable to avoid borrowing in the East unless they succeed in effecting more liquidation in the meantime.

NEW BANK ORGANIZED IN KANSAS

The Farmers National Bank has been organized in Agra, Kansas, with a capital of \$25,000. The president is E. C. Trull and cashier, S. T. Furlong.





The New Business Department

By T. D. MACGREGOR

Author of "Pushing Your Business," "2000 Points for Financial Advertisers," "Bank Advertising Plans," "The Book of Thrift."

THE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on thrift and financial advertising.

This handy volume, the fourth of the "Bank Department Series," is largely the fruit of the author's having been for some time an important member of the Department of Publicity and New Business of the Guaranty Trust Company of New York, the largest and most thoroughly organized department of that kind in existence.

SAME PRINCIPLES APPLY TO SMALLER BANKS

While some of the ideas and methods suitable for use in pushing the business of the largest trust company in the world—with resources of over \$500,000,000—undoubtedly would not be adaptable to the requirements of the average bank or trust company, still the principles and practice in general are the same no matter what the present size of the institution to be advertised and developed.

But the points brought out and the new business-getting plans described are by no means confined to those employed by any one institution. The author's long and successful experience in every phase of financial advertising has brought him into contact with many bankers and

advertising men. He is familiar with the many problems of getting new business for financial institutions and has a first-hand knowledge of how to solve them.

Besides Mr. MacGregor's text, the book contains the prize paper on "New Business and Analysis of Accounts" by James B. Birmingham of the National City Bank.

This paper won the 1917 Cannon Prize given by New York Chapter, American Institute of Banking, for the best two-thousand-word paper on this subject. The judges of the contest were Fred W. Ellsworth, secretary Guaranty Trust Company; G. Edwin Gregory, vice president National City Bank, and Harry E. Ward, vice president Irving National Bank.

ONLY BOOK ON THE SUBJECT

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Publicity and New Business Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—**\$1.25**—to any bank or trust company that wants to make the most of its opportunities both in developing present customers and in getting new ones.

BANKERS PUBLISHING COMPANY, 253 BROADWAY, NEW YORK

Please send for free examination Mr. MacGregor's "NEW BUSINESS DEPARTMENT." After five days' examination I will return it or remit the price, \$1.25.

NAME.....

BANK.....

4 ADDRESS.....

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

THE financial situation is growing steadily better. Rediscounts at the Federal Reserve Bank are diminishing, and the percentage of net reserves is increasing. Commercial paper is quoted from $7\frac{1}{4}$ to 8 per cent. Many hitherto frozen credits are loosening through the process of liquidating commodities, in addition to which slackening business has made the demand for commercial loans less acute.

Marketing of Pacific Coast products continues steadily, although slowly. The lumber business is inactive owing to the lack of export business and the light demand for domestic building purposes. From 70 to 80 per cent. of the wool crop of 1920 is reported unsold, and about half of the prune crop and about one-fifth of the raisin crop of California remain to be disposed of. About one-fourth of the eleven million cases of canned fruit packed in California in 1920 also awaits buyers. The bulk of the rice crop is yet to be moved, while lemon growers are selling their product at a loss. Cotton growers in Arizona and Southern California are facing a light demand and low prices.

Deflation has progressed far enough, however, to indicate a general improvement in business conditions in most sections. This has been reflected in the reopening of mills and factories on partial or full time, by broader distribution of goods and a stronger buying demand. Farm products are being marketed with greater freedom and there is no longer present the inclination to hold back for higher prices which was such a factor in the recent money market tension. There is no abnormal degree of unemployment on the Coast and there is comparative freedom from labor disputes. The work of retrenching in labor costs is producing its result in cheaper production. One of the largest employers of farm labor in the West says that all the efficient farm labor needed can now be secured at \$2 a day, and the lumber companies' new schedule about to be

put into effect calls for a 25 per cent. reduction in the wages of forest and mill workers.

One Western industry which has not shared in the general wave of depression and readjustment has been the oil industry, which was never in more flourishing condition than to-day. The price of petroleum products in 1920 did not decline but registered some increase in certain sections, while production everywhere expanded.

The Hawaiian sugar crop outlook is promising. The Hutchinson plantations have received $16\frac{1}{2}$ inches of rain since the first of the year.



OREGON BANK CELEBRATES THIRTIETH ANNIVERSARY

The Astoria Savings Bank of Astoria, Oregon, which celebrated its thirtieth anniversary the first of March, was opened for business March 1, 1891, with a capital of \$100,000. At that time the bank occupied a part of a room in another bank building, moving a year or two later into a room where it built in the first safe deposit vault in Astoria.

The institution now has a capital and surplus of \$350,000. In 1906 it erected its own home, a four-story brick structure. The

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,222,588.03
Total Resources 20,047,726.81

C. H. Cooke, *President*

E. D. Tenney, *Vice-Pres.* E. F. Bishop, *Vice-Pres.*
Roxor Damon, *2d V-P.* G. G. Fuller, *2d V-P.*
Frank Crawford, *2d V-P.* R. McCorriston, *Cash'r*

Branch Banks:—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Waialua, *Island of Oahu*; Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

Bank of Bishop & Co., Limited

Established 1868
HONOLULU, T. H.
 Cable Address, "Snomad"
 Capital and Surplus, . . . \$1,733,590
OLDEST AND LARGEST BANK IN THE
ISLANDS. COMPLETE AROUND THE
PROMPT REMITTANCES. SERVICE.

building is modern in every way and is equipped with safety vaults.

The Astoria Savings Bank was the first banking institution in Astoria to do business in its own premises. The bank occupies the greater part of the first floor of the building, the second and third floors being occupied as offices and the fourth floor is the home of Astoria Chamber of Commerce.

The original officers of the bank were: T. W. Case, president; J. Q. A. Bowlby, vice-president; W. E. Dement, secretary, and Frank Patton, cashier.

On February 17, 1908, the capital stock was increased to \$150,000. Two years later, O. I. Peterson was elected president and Asmus Brix vice-president, positions which they still hold. The board of directors consists of O. I. Peterson, Asmus Brix, Frank Patton, P. J. Brix and J. Q. A. Bowlby. Its other officers are, Frank Patton, cashier and manager; M. E. Masterson and A. W. Stine, assistant cashiers.

Frank Patton, cashier and manager, has been with the bank in that capacity since it was first organized.

BANK OF ITALY'S DEPOSITS GROW STEADILY

The Bank of Italy, San Francisco, has more depositors than any other institution in the United States, according to figures published recently.

At December 31, 1920, the depositors numbered 221,788, approximately 25,000 more than any other institution in the country. These figures represent a depositor gain of 32,277 in the last year. The average deposit is \$630.

In addition the greatest gain in deposits of any bank in the United States was recorded by the Bank of Italy for the year ending June 30, 1920, as shown in published comparative reports. Subsequent to that date an additional \$10,000,000 in deposits was secured before the close of the year, bringing the total deposits figure to \$140,000,000. A. P. Giannini, president of the Bank of Italy, in speaking of the bank's operation, said that 1920 was the most successful in the history of the institution.

The paid-in capital of the bank was increased from \$7,000,000 to \$9,000,000 last year, and on July 2, 1921, the total authorized capital of \$10,000,000 will be fully subscribed. Surplus and undivided profits were materially increased in 1920, approximately \$1,500,000 being added to these funds.

Rapid progress on the new head office building in San Francisco, is reported and occupancy it is expected will be possible within a short time. This new structure, when completed, will give the Bank of Italy the largest exclusive bank building, with two or three possible exceptions, in the United States. Many new features for the convenience and comfort of the bank's clients and employees are to be incorporated in these new quarters.

O. M. GREEN

The directors of the Exchange National Bank of Spokane, Washington, have announced the resignation of O. M. Green as vice-president and director. Mr. Green is leaving to assume the management of the Olympia National Bank, Olympia, Washington, as vice-president.



Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tysen

WITH a decline of more than \$150,000,000 in current loans from the top point of the period of expanding credit in September, and continued increase in savings deposits, the question of profitable employment of bank funds deserves some consideration. However, bankers do not yet see any serious problem in this direction. For many months money has been so "tight" that they are relieved that the pressure has let up to some extent. Then the contraction in commercial credits permits the banks to discharge their obligations to the Dominion Government which were in the form of legals issued under the War Measures Act, constituting a system of rediscounting. Obligations on this account by the banks are now less than \$97,500,000 as compared with about \$225,000,000 a year ago. During the same period holdings of Government securities by the banks have shown comparatively little change, the total now being about \$120,000,000. Holdings of public securities have been reduced \$56,000,000 in the year, indicating that the British Government has been discharging obligations created in the purchase of war munitions.

The increased supply of money and the contracted requirements of industry and commerce have had little or no effect on money rates because Canadian banks do not take advantage of the law of supply and demand in fixing their rates, but rather base their loans upon the requirements of the customer in relation to the general situation throughout the country and the supply of capital available. During the recent period of "tight" money there were some advances of $\frac{1}{2}$ per cent. in the rate on commercial loans, but no more, and these advances were not general.

Bankers, therefore, expect to face reduced profits on the volume of turnover but they do not think there will be any marked change in the margin. In some directions expenses should be reduced as in the case of supplies, particularly stationery. As re-

gards salaries, reductions are not to be looked for on any general basis, although there will naturally be some improvement as regards efficiency with the increased supply of available workers.

Reports from retailers throughout the country indicate that in some lines sales in December, January and February were better than for the corresponding period a year ago; this of course refers to turnover—not profit. Many lines are being sold at greatly reduced prices but the fact that goods are being sold indicates that more goods will have to be manufactured to take their place. Manufacturers and wholesalers, however, have had different experiences from those of retailers. Orders are being placed very slowly. Traveling salesmen have been greatly discouraged. Retailers are only ordering for immediate needs. A year ago they were buying for delivery six months or more in advance. On a rising market it was good policy to get orders placed before further advances took place. To-day conditions are reversed. It has again become a buyer's market. Every week reductions in price are announced. Therefore, the retailer feels that the longer he can hold off buying the better price he will get.

Before better industrial and business conditions return there must be a more stable condition as between producer and consumer. Until this is attained there will be little forward buying. In the building trades, for example, architects report a big demand for plans and designs, but few contracts are actually being let. For the moment labor is the deciding factor. Wage reductions are being made but there is a considerable difference of opinion as to how far these can be carried. As in the United States, the pay of the railroad workers appears to be the keystone of the arch. Canadian roads will undoubtedly follow the example of the United States. What is more, reduced wages of railroad employees would not only set an example which would undoubtedly be followed in some other trades, but it would be a step in the direction of lower freight rates; and transportation costs are a very important factor in relation to the cost of living.

The report of the Government railroads showing a deficit for the year of \$70,000,000 brings the transportation problem violently before public attention. It is recognized by business men that not only must something be done to overcome this enormous deficit but something must also be done to reduce freight charges in Canada if the country is to develop. Reorganization of the working machinery is being discussed and undoubtedly something will be done in this direction when the Grand Trunk lines are finally incorporated in the Government system.

Ottawa is also much concerned with the taxation problem and in business circles there is a strong following for the proposal of a turnover tax to replace the present levy on business profits and permit at the same time of some moderation of the schedules of the income taxation.



CHECK INSURANCE

Canadian business men are now being offered insurance against the raising of checks. The policies which are being written by the United States Fidelity and Guarantee Company policies protect the insured not only against losses caused by the felonious alteration of the amounts, dates, numbers or names of the payee of any check or draft, but also against all losses to the assured on account of the forgery of the name of the assured as maker or endorser of the check. It is understood that the premium payable will run on the average about \$5 per \$1,000 of protection per annum, with a rebate for a policy covering a three-year period. This system is being developed in the United States and the official figures will prove a novel feature of the 1920 report for that country, the insuring clauses covering the following cases:

(a) Of any check or draft where the signature of the assured has been forged.

(b) Of any check or draft issued by the assured on the back of which the name of the payee or of any other endorser is forged.

(c) Of any check or draft drawn by the assured which has been feloniously altered as to the amount, date, number or name of the payee.

NATIONAL TRUST COMPANY, LTD.

The net profits of the National Trust Company, Limited, of Toronto, Canada, for

the year 1920 were \$252,825.96, after deducting expenses of management, etc. To this must be added the sum of \$375,000, the premium on \$500,000 of new stock issued during the year, and \$59,623.15 brought forward from 1919, making the total at credit of profit and loss account \$687,449.11, which was appropriated as follows:

To pay four quarterly dividends, two at 10 per cent per annum, two at 12 per cent. per annum..	\$185,231.80
Transferred to reserve fund.....	400,000.00
To provide for Dominion war tax	17,800.00
To carry forward in profit and loss account	84,417.31

NEW BANK BRANCHES

During the month of February the Canadian chartered banks opened only 15 new branches, four of these being sub-branches, while the number of branches closed during the month was four, which makes a net gain of eleven new branches. Three of the branches were opened by the Merchants; two each by the Hochelaga, Nationale and Provincial, and one each by the Hamilton, Home, Imperial, Nova Scotia, Sterling and Toronto.

The branches closed were by the Commerce, Hamilton, Merchants and Molsons.

NEW QUARTERS IN NEW YORK FOR CANADIAN BANK

The New York agency of the Merchants Bank of Canada was moved on March 28 from 63-65 Wall Street to 38 Wall Street, the latter being the bank's own premises. The New York agents are W. M. Ramsay and C. J. Crookall.

BANK ISSUES REVIEW OF CANADIAN CONDITIONS

A pamphlet, "Canadian Goods and the World Market," was published recently by the Canadian Bank of Commerce, the object being, as stated in the preface, to make "a statement of the industrial situation in Canada from the standpoint of production and trade, for the information of prospective importers of Canadian goods and of capitalists in other countries seeking a profitable field for investment."

The booklet contains a brief summary of the situation in each of the Canadian provinces, showing the extent of the natural resources, the manufactured products and the relative importance of the native industries in each. It suggests lines upon which the further development of resources may be expected.

Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



For further particulars write

Foreign Department
Standard Bank of Canada
TORONTO

Resources over - - - - \$100,000,000.00

FOREIGN BRANCHES OF CANADIAN BANK OF COMMERCE

The Canadian Bank of Commerce, like several other Canadian banks, has been developing a system of foreign branches. Besides its 520 branches in Canada, including two in the Yukon, it has sixteen outside the Dominion. They are in Newfoundland, London, New York, San Francisco, Seattle, Portland, Ore., México City, Havana, Cuba, Kingston, Jamaica, Bridgetown, Barbados, and St. Pierre, in St. Pierre et Miquelon.

A branch is to be opened in the immediate future at Port of Spain, Trinidad. Port of Spain lies at the mouth of the Orinoco, which is navigable for twelve hundred miles by

river steamer except in the dry season, and which, with its many tributaries, is the principal avenue of trade for a large part of Venezuela.

This trade is still in its infancy for, owing to the disturbed Venezuelan political conditions, the interior of that country is little known or developed, but as its resources are exploited the importance of Port of Spain, as the point of transshipment for all exports, will be greatly increased.

Trinidad itself exports products to the value of some £5,000,000 annually, of which the principal ones are oil, partly used for bunkering ships; cocoa, the standard of which is unusually high; sugar, molasses and rum.



News of the A. I. B.

PRESIDENT Stewart D. Beckley, of the American Institute of Banking, educational section of the American Bankers' Association, has been in Minneapolis, Minn., to go over arrangements for the coming convention of the national organization, which is to be held there July 19-22. Plans for the meeting both as to program and entertainment features are rapidly taking form.

In view of the present industrial situation, the program committee is arranging for a group of addresses by five

men prominent in various lines of commercial endeavor. These and other provisions to meet the demand for the careful study of current financial questions will make the meeting of great importance to bankers throughout the country. Hotel reservations are arriving daily, requesting accommodations for unusually large numbers of delegates.

The committee in charge of entertainment is now under the leadership of C. H. McMillan of the Minneapolis Trust Company, who, as a member of

the Minneapolis delegation at Boston, was active in the campaign to secure the meeting for his chapter. Walton R. Murray of the Midland National Bank of Minneapolis has been appointed chairman of the committee to plan entertainment for the ladies. The participation of ladies in Institute affairs and the increasing number of delegates who bring their wives to conventions have placed before his committee a task of considerable size, which he promises will be well handled. Arrangements are being made for a special boat leaving Duluth shortly after the convention which will enable many Eastern delegates to return home by way of the Great Lakes.

◎

John McHugh, vice-president, Mechanics & Metals National Bank, New York, and chairman of the organization committee of the Foreign Trade Finance Corporation, will address the bankers' forum of the New York Chapter, at the Hotel Pennsylvania, on April 20. He will make the corporation the subject of his address.

◎

Through the publicity affairs committee, New York Chapter, Inc., is assisting in the publicity work now being carried on by the organization committee of the Foreign Trade Finance Corporation. It is associated in this work with the national public affairs committee and the national forum committee of the Institute.

◎

G. A. O'Reilly, vice-president, Irving National Bank, New York, discussed the subject of "Foreign Trade" before the savings bank forum of New York Chapter, Inc., at the chapter rooms on April 6.

◎

St. Louis Chapter, American Institute of Banking, is having decidedly the best year in its history. The membership is 1,325. Eight well-attended educational classes are being conducted through affiliation with Washington

University. One of the most enjoyable features of the chapter work is the monthly forum dinner at which good-fellowship is promoted and education in its literal sense is accomplished by the "leading out" of the ideas of all who attend.

The chapter expects to send to the national convention, which is to be held at Minneapolis in July, the largest delegation that has ever represented St. Louis.

◎

The trust company forum, in conjunction with the savings bank and bankers forums of New York Chapter, Inc., will hold its annual dinner at the Hotel Astor on Tuesday evening, April 26.

◎

The New York Chapter, in conjunction with Columbia University, is offering the following courses of instruction, especially adapted to the needs of bank men and women, during the spring term:

Preparatory Courses—1, Elementary Banking Practice; 2, Economic and Financial History of U. S.; 3, Business English; 4, Elementary English; 5, Bank Bookkeeping; 6, Bank Arithmetic; 7, Domestic Trade of the U. S. Courses 1, 2, 5, 6 and 7 can be completed in one semester.

Standard Courses (First Year)—Principles of Economics; Bank Organization and Administration.

Standard Courses (Second Year)—Money and Banking; Law of Contracts; Law of Negotiable Instruments.

The following advanced special courses will be repeated: Bank correspondence; publicity and new business; international exchange; trust company functions.

New courses, under the titles of "Finance of Foreign Trade" and "Reserves and Rediscounts" will be offered. The chapter has become the largest specialized school of its kind in the country, registered students during the past semester numbering about 1,500. The total membership is almost 5,000.

THE 705 BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

MAY 1921

VOLUME CII, NO. 5

The Discount Policy of the Federal Reserve Banks

UNDER the above heading appears, in a recent issue of "The American Economic Review," an interesting discussion by Professor O. M. W. Sprague of Harvard University and R. C. Leffingwell, formerly Assistant Secretary of the Treasury.

In reviewing the operations of the Federal Reserve Banks for the past six years, Professor Sprague says at the outset of his address that the period has been much too short, even if it had been of more normal character, for the Reserve System to reach the full measure of its development.

Professor Sprague finds that the increase in the power to extend credit is the most fundamental single change which has followed from the establishment of the Federal Reserve System. * * * "Within five years from the opening of the Reserve Banks in November, 1914, the volume of outstanding credit was more than doubled." It is pointed out that credit expansion on such a scale could not have occurred during a similarly short period of peaceful business activity. He thus relates what happened with the continued demand for credit after the war ended:

"After the armistice the intense demand for credit continued, gradually shifting, however, from the Government to the business community. The conditions which made possible the continuance of trade activity after the armistice were fundamentally similar to those which are present at the beginning of a period of prosperity, following a period of depression. Although trade had been feverishly active for more than three years, there was still a large supply of credit available at low rates. Moreover, and this is a matter of far greater significance, there was, unlike the situation after some years of prosperity in a peace-time business cycle, an evident widespread scarcity of goods. In these circumstances, an intense demand for credit to be used in the purchase of goods could not fail to develop, since it was reasonable to anticipate that no difficulty would be experienced in marketing them at an advance in price. Finally,

toward the close of 1919 the available supply of credit was approaching a condition of complete utilization. A few months more of credit expansion at an undiminished rate would have left no supply of credit in reserve with which to meet an emergency. Even if an ample supply of additional credit had still been available at that time, the opinion may be ventured that another limit on continued credit expansion was not far away—the deterioration in the average quality of the loans of the banks. A period of readjustment and liquidation was inevitable. Liberal credits at low rates in 1920 would have deferred its advent somewhat, but with the certain consequences that the difficulty and losses incident to readjustment would have been materially enhanced.”

The responsibility for the great expansion which took place is thus referred to by Professor Sprague:

“At the outset, it is necessary to reach some conclusion as to the responsibility that rests upon the Reserve Board and the management of the Reserve Banks for the credit expansion of the last five years. For by far the greater part of that expansion responsibility clearly rests elsewhere. The volume of credit has been subject to conditions and influenced by policies which the management of the Reserve system could not control. This is obviously the case as regards the large additional supply of credit which became available as a result of the gold imported before we entered the war. Up to that time, the loans of the Reserve Banks were of quite insignificant proportions.

“After we entered the war, the loans of the Reserve Banks increased by leaps and bounds; but for the policy of war finance which occasioned these loans and the manifold greater loans of the commercial banks, the Reserve Board was not responsible. * * * The important point in the present connection is that whatever the financial policy adopted by a government in time of war may be, it is the imperative duty of the management of a central bank to coöperate loyally in executing that policy. The Reserve Board and the officials of the Reserve Banks could offer advice and criticism; they could not decline to do their part in executing the policy of the Treasury.”

Many bankers have expressed disapproval of the close relations between the Treasury and the Federal Reserve Banks by the ex-officio relationship which the Secretary of the Treasury and the Comptroller of the Currency sustain toward the Federal Reserve Board. On this point Professor Sprague says:

“It is, however, reasonable to surmise that the policy of the Treasury after the armistice would have been subjected to more searching scrutiny if the Reserve Board were less heavily weighted with Treasury officials. When account is taken of the future fre-

quent borrowing requirements of the Government, the retention of two Treasury officials as ex-officio members of the Reserve Board seems most inexpedient. Borrowers on a large scale are not the most desirable of persons to be selected as directors of any bank. The Treasury as a borrower in times of peace should not be in position to exert a considerable, much less a controlling, direct influence on the discount policy of the Reserve Banks. Merely as a matter of simplification of administrative machinery, also, the functions of the Comptroller of the Currency should be transferred to the Reserve Board and Reserve Banks. So much of diminution of direct Treasury influences as is involved in this proposal seems certainly desirable. Whether the Secretary of the Treasury should cease to be a member of the Board is a question as to which a definite answer is less easily given. Upon the whole, I am inclined to think that the presence of the Secretary is desirable. The intimate understanding of the financial situation that a Secretary may gain as a member of the Reserve Board can hardly fail to be of advantage to him in the conduct of his office. The Secretary of the Treasury, as a member of the Board, can also do much to defend the Reserve system from unreasonable demands on the part of the public and above all from political onslaughts."

The question arises, however, whether the elimination of the Comptroller of the Currency would have much effect, since the Secretary of the Treasury is his superior and has immensely greater powers in exercising governmental pressure upon the policy of the Reserve Banks.

Nor must it be forgotten, in considering this matter, that the members of the Federal Reserve Board other than the Secretary of the Treasury and Comptroller of the Currency are, like these two officials, appointees of the President. They are not, it is true, direct representatives of the Treasury, but their viewpoint must be of necessity largely that of the Government.

It is important to bear in mind always, in considering the policies of the Federal Reserve Board, that this Board is named by the President, and that, in the last analysis, we have a banking system whose administration is responsible chiefly to governmental rather than to banking requirements.

Coming to the credit situation which existed toward the close of 1919, Professor Sprague finds:

"After nearly five years of unexampled business activity, accompanied by unprecedented credit expansion and advances in prices, the activity of trade was unabated, the demand for credit was if anything more intense, and prices were still moving rapidly upward. Beneath the surface there were indications that even though large

supplies of additional credit were still to be had, a period of readjustment could not long be postponed. Liberal credit was no longer, as at the beginning of a period of activity, serving to stimulate production and direct industry into promising channels. It was rather tending to disorganize industry, subjecting it to an increased extent to speculative influences, to wage disputes and numberless other strains. The average quality of the loans of the banks was becoming less satisfactory, because of these conditions in industry as well as on account of extensive sales of goods in foreign markets on long credit terms.

"In short, the situation at the end of 1919 was one which by no possibility could be corrected by the application of additional supplies of credit.

"A check on further credit expansion followed by some contraction was the one sure remedy, and that remedy would have been quite as much needed even though an abundant supply of additional credit had been still available."

The opinion is expressed that it was by no means certain that the Federal Reserve Board would have taken measures to restrain credit when it did but for the fact that the limits of credit expansion were being approached. In other words, the policy of restriction was one made necessary by the reserve position of the banks. As Professor Sprague says:

"It was necessary to check further credit expansion. Otherwise, the reserve banks in the course of a few months would have held no reserve above legal requirements as a basis for credit to be used in meeting an emergency. To go on expanding credit until the last available dollar was employed was indeed our former practice, and the initial stages of the transition to a period of readjustment were always marked by crisis and panic. It is one of the inestimable advantages of the Reserve system that the brakes were applied before the supply of credit was entirely exhausted and before trade activity had culminated in a crisis. We are still in the midst of a period of necessary readjustment and liquidation, but the immense superiority of the Reserve system as compared with our former means of meeting similar situations is already conspicuously evident."

The importance of holding in abeyance a considerable power to extend credit is thus further emphasized:

"We have established a system which is designed to prevent collapse and complete disorganization. This presupposes that Reserve Banks will regularly hold in reserve large potential credit power. If we insist upon using such power as a means of temporary relief and stimulation, ultimate disaster is the certain consequence."

It would be a mistake to suppose from what has been quoted above that Professor Sprague is contending for a policy of credit

restriction to be continued indefinitely. On the contrary, he believes that the time has already arrived for a reduction in discount rates.

"Credit expansion," he says, "has already been definitely checked; there is no present danger that lower discount rates would stimulate a widespread demand for credit that would permit prices to move rapidly upward once more. The demand for credit is now largely for the purpose of holding goods for which purchasers cannot be found. It is no longer a sellers' market. In these circumstances, it is at least possible that a slight reduction in discount rates, by encouraging many to resume normal business dealings, might facilitate the process of liquidation, and so make possible a more speedy reduction in the total volume of loans than will be secured through the maintenance of the present schedule of rates."

Regarding the general discount policy to be followed by the Federal Reserve Banks, it is declared:

"A discount policy should be adopted which is designed to check the rapid expansion of credit in periods of trade activity.

"Such a policy is practicable, but it cannot be adopted in the absence of general confidence in the wisdom of the policies of the management of the Federal Reserve Banks, and it requires readiness on the part of the public to support these policies even when the immediate consequences are painful."

In the same number of "The American Economic Review" in which Professor Sprague's paper was published appears a discussion of the same subject by R. C. Leffingwell, formerly Assistant Secretary of the Treasury. He warned us at the outset of his remarks not to expect too much of Federal Reserve or Treasury policies in making up for the waste caused by the war. He said:

"But inflation did come. It came to us before we entered the war. It came to Japan, it came to European neutrals. Inflation came because the world was wasting more than it was producing. We may be very ingenious in our methods and very wise in our policies, but they could not solve the problem presented by the fact that the world was using up more than it was producing. It is exceedingly important that we should have the discussion of Federal Reserve policies we are having today. But it is more important that we should realize what Federal Reserve or Treasury policies will not do. They will not take away the curse of war. We fought a great war. We are proud of it and glad of it. But from the economic point of view, it was a reckless debauch, and the people ought to be told that the next time they enter upon an economic debauch they must pay the price, and the price will be registered in inflation. We must not delude ourselves, or those who rely upon us, with the belief that the consequences of economic waste can be

avoided by any amount of wisdom and ingenuity in finance or banking."

Could this fact be fully realized, it should tend to modify the criticisms of the Federal Reserve system for conditions which are inseparable from the aftermath of war.

Referring to Professor Sprague's suggestion to base Federal Reserve rates of discounts on price movements, Mr. Leffingwell said:

"I share Dr. Miller's objection to Professor Sprague's suggestion that Federal Reserve rates should be determined by price movements. There is no man, or group of men, to whom the American people will, or should, accord the right to determine whether they shall be prosperous or miserable, whether they shall have high prices or low prices, whether they shall have good times or bad times. The day Professor Sprague's suggestion is adopted by the Federal Reserve Board marks the end of the Federal Reserve system. It would be absurd for the Federal Reserve Board to ignore price movements as symptoms of the general situation, but it cannot base its discount policy upon them."

This is much the same as Garfield once said of the attempt of any particular body of men to regulate the country's currency:

"There never did exist on this earth a body of men wise enough to determine by any arbitrary rule how much currency is needed for the business of a great nation."

The effective demand for bank credit—that is, the demand which rests upon a sound basis—can be best tested and regulated by the banks themselves; but if some further restraining power be needed (and this is hardly a question about which much difference of opinion can exist) it can perhaps best be exercised through local clearing-houses, which represent the combined wisdom of the banks of a community, and which must obviously possess a better understanding of local conditions than the Federal Reserve Board at Washington can have.

In fact, with a country so large as the United States, and with such diverse conditions, the attempt of a central board at Washington to exercise an effective and satisfactory regulation of credit, must be a difficult if not impossible task. This opinion was frequently expressed by THE BANKERS MAGAZINE when the Federal Reserve Bill was under consideration, and the correctness of the opinion receives confirmation from the experience through which we are now passing.

Mr. Leffingwell made another important statement, which was this:

"If the reserve gets big enough to be embarrassing, the best cure for the situation which will then arise is to pay out gold and gold

certificates, and restore them to circulation. Currency and credit have been expanded by the Federal Reserve system both because of the economy in the use of the reserve permitted by the Federal Reserve Act and because of the withdrawal of gold and gold certificates from circulation in this country and the substitution of Federal Reserve notes requiring only a forty per cent. reserve. We shall not have restored our pre-war financial strength until we have returned to circulation the gold and gold certificates withdrawn during the war and since, and thus re-created the greatly depleted 'secondary reserve.' To the extent that gold and gold certificates are thus restored to circulation and Federal Reserve notes withdrawn, the practical importance of the objection raised by Professor Sprague and Dr. Miller to the Federal Reserve note as a credit note, as compared with the Bank of England note as a gold note, will be reduced."

On another page of this issue, in an article entitled "The Threatened Gold Inflation," reference is made to this same matter, which promises to become of immediate concern should the prospects of heavy gold imports be realized.

As further illustrating the criticisms which are being made in regard to the discount policy of the Federal Reserve Banks, it will be pertinent to quote from a recent pamphlet on "Deflation vs. Business Prosperity," the author being Mr. Joel Hurt, president of the Continental Trust Company, Atlanta, Georgia:

"It is claimed the United States is the richest country in the world. What is causing distress in business and to the farmers?

"The cause is the work of deflation ordered by the Federal Reserve Board.

"What should be the remedy? The restoration of lines of re-discounts which the Board eliminated, and a reduction of the high discount rate charged by the Federal Reserve Banks to member banks. When this is done business will revive, and not until.

"Apostles of deflation have promised a great revival of business following the change in Government control. We see no signs of general improvement. On the contrary, failures and suspensions of business are occurring daily. If the process continues a few months longer, many more of the business concerns of the country will be forced into bankruptcy.

"The law establishing the Federal Reserve Banking system places autocratic power in seven men to deflate values at will. This power in seven men and without right of appeal is extremely dangerous. The law should be amended promptly. The business of the country should be safeguarded against such autocratic control. Arbitrary and autocratic control may have been necessary during the war, but there should be no toleration of such in times of peace.

"It is claimed the price of labor is excessive, and that deflation

will reduce the price. It is not the province of the Federal Reserve Banking system to regulate labor by deflating the currency and commodity values. Such action is usurpation. If it were lawful, it would be unwise. To attempt to correct an evil complained of by inflicting great hardship upon industries and millions of innocent citizens is inexcusable. Such would be like shooting at a fly on a bull's horn and killing the bull.

"Labor should be regulated by supply and demand. Labor, organized with purpose to order strikes, is wrong. Such combination is contrary to the Federal Constitution and should be prohibited by law. Legitimate organization is admissible. It conduces to greater skill and better citizenship, but to organize with a view to forcing strikes is tyrannical and inexcusable. Such practice tends to deprive both union and non-union laborers of their liberties, and is contrary to the principle of our Government.

"The Federal Reserve Banks are making enormous profits. The bank in New York earned in the year 1920 profits of 227 per cent, on its gross capital, while the business of the country is being ruined by high rediscount rates charged member banks. Such profit in the face of the cry against profiteering is inconsistent. The system was not established to make money, but to preserve elasticity of the circulating medium, and thus stabilize business. Acting under misconception, the power vested in the Board has been used to disrupt business.

"It is claimed that values of commodities and the price of labor should be forced to normal. Who can state what would be normal prices? Prices are regulated by supply and demand. Is it reasonable to say that prices should be arbitrarily reduced to the level of prices in 1914, or to prices of any other period; and that prices of different commodities must not adjust in proper co-ordination according to conditions of supply and demand?

"Like a withering simoom, deflation has caused destruction throughout the land. Hopes of the people have been blasted. Captains of industry stand in dread. Failures in business by thousands have occurred, and many others are impending. No panic in history has caused such stupendous shrinkage in values within such short period of time. It is estimated by statisticians that the losses which have occurred in the United States within one year will be found equal to the entire war debt of the Government. Dun reports failures in the United States for January and February, 1920, \$17,003,000.00; in January and February, 1921, \$112,988,000.00."

It will be seen that Mr. Hurt raises the same objections, in substance, against the great power of the Federal Reserve Board as were pointed out by Mr. Leffingwell.

Long ago THE BANKERS MAGAZINE called attention to the

enormous power over credit, industry and commerce with which the Federal Reserve Board was clothed.

The purpose in devoting so much space to this topic is not to criticise the Federal Reserve Board, nor to find any fault with the discount policy which the Federal Reserve Banks have put into effect. It is not contended even, in view of all the difficulties, that any wiser action could have been taken.

But it does seem that the real point at issue lies in the attempt to regulate credit through a compact central body at Washington.

The correct principle in regard to a discount policy was thus laid down by Professor Sprague in the article from which liberal quotations have been made above:

"A discount policy should be adopted which is designed to check the rapid expansion of credit in periods of trade activity."

Could this principle be embodied into our banking system, and applied at the proper time, which is during the earlier manifestations of periods of unusual activity, and not only after their culmination, we should avoid shocks like those the country received when a sudden alteration of policy was determined on by the Federal Reserve Board in the spring of 1920. This shock has not differed greatly in severity from those previously experienced in times of financial crisis, except there was a practical immunity from bank failures. But we must remember that the country was never so severely tried as it was during and since the Great War. That the Federal Reserve system functioned with such remarkable efficiency under this tremendous stress warrants the hope that it may be relied on in ordinary times.

No final judgment can be passed upon the Federal Reserve system in its entirety until the opportunity is given to observe its workings under fairly normal conditions. As war influences upon our banking, financial and general economic conditions are sure to be operative to some extent for a long time, this opportunity may be indefinitely deferred. Meanwhile it will be found interesting and profitable to study the operations of the system under actual conditions, for such study will at least afford a safe guide when in other years similar conditions may return; though let us hope that never again may our financial institutions and business organization be put to the strain they have borne in the past six years.



The Threatened Gold Inflation

FROM present indications it would seem that if the ratio of gold imports into the United States for the first quarter of 1921 should be maintained throughout the year, we may add upwards of \$500,000,000 to our gold stock through the foreign

movements of the metal in this direction. For the first quarter the gain in gold from this source was around \$140,000,000.

At a time when the banks have been endeavoring to curb credit inflation, the influx of so large an amount of gold tends to make the reduction of credit more difficult. Under the existing practice of the banks none of the gold which is being imported will go into circulation, for gold payments, either in the shape of coin or certificates, have been suspended.

Under the existing method of handling the reserves of national banks, none of the imported gold can be counted as part of the legal reserves of such institutions. They are neither required nor permitted to have any gold whatever in their vaults for legal reserve purposes. They are compelled to put all their legal reserves in the shape of loans to the Federal Reserve Banks, which in turn may use these loans as a basis for fresh credits, keeping against such credits a reserve of thirty-five per cent. The gold coming into the custody of the Federal Reserve Banks may be used also as a basis of reserves for additional Federal Reserve note issues, such issues to be supported by a gold reserve of forty per cent.

It will thus be seen that the gold coming into the country permits a much greater expansion of credit under present conditions than would be the case were the banks required actually to hold gold in their vaults as legal reserves, or if the metal was allowed to pass into general circulation.

By requiring the national banks to give up their legal reserves to the Federal Reserve Banks, and by using Federal Reserve notes to siphon gold out of the pockets of the people, the possibilities of credit inflation were greatly increased. This tendency was further aggravated by the material reductions in the required amount of reserves for the banks which belong to the Federal Reserve system.

While business was active, the considerations expressed above were not of much practical importance, for enterprise and business eagerly absorbed all obtainable credits and cried for more. With the reversal of conditions, this large influx of gold becomes a matter of practical importance, for it may tend to start a new period of price inflation before the present era of liquidation has run its course. Thus the country may again have to undergo, to a partial extent at least, the same experiences which have seriously threatened the stability of the country's commercial and financial fabric.

Several remedies are available. One that should be first applied would be to require the banks to hold a fair percentage, if not all, their legal reserves in their own vaults. This of itself would help quite materially in reducing inflation. Gradually the amount of required reserves could be increased, should this be found necessary. A remedy easily applied, and that would tend to counteract the inflationary influences of the imported gold would be for the banks

to resume specie payments over the counter, either in the form of gold or of gold certificates.

Probably the greatest danger to be feared from the large inflow of gold does not consist in the possibility of a marked rise in prices of commodities or a hurried expansion of enterprise and trade, but in an outburst of speculation. The easier money rates which the new supplies of gold will bring may be expected to encourage speculation in securities, and this result may be all the more certainly looked for since the depression in business makes scant demands on credit for the ordinary operations of enterprise and trade.



The Growth of Banking in the United States

IT was to be expected that the unusual business expansion, the increase in prices, and the addition to the volume of money in circulation, following the war activities, would greatly increase the country's banking resources; but perhaps few persons looked for any such growth as the last Annual Report of the Comptroller of the Currency reveals. This growth may be epitomized in a single paragraph from the Report:

"In the seven-year period from June, 1913, to June, 1920, the resources of national banks increased \$11,159,817,000, which is more than the total increase that took place in the entire fifty years from the inauguration of the national banking system in 1863 to the year 1913."

On January 1, 1920, the resources of the national banks reached the highest point in the history of these institutions—\$22,711,375,000.

The earnings of the national banks for 1920 were also ahead of all former years. For the twelve months ending with June 30, 1920, net earnings amounted to \$282,083,000, an increase of \$41,717,000 over the preceding year; and the increase which has taken place in the net earnings of the national banks in the past seven years has exceeded by \$18,000,000 the total increase in earnings shown for the forty-three year period from 1870 to 1913.

The percentage of net earnings to the capital and surplus of the national banks in 1920 was 12.78, which exceeded that of any other year save 1907, when the percentage was 16.4.

Aggregate dividends paid in 1920 were \$147,793,000, the largest ever reported.

In the number of depositors or deposit accounts in national banks last year's figures set new records. On June 30, 1920, there

were 20,520,177 deposit accounts in national banks, an increase of 2,279,877 over June 30, 1919. There is now approximately one depositor in the national banks for every five of the population.

The banking power of the United States as expressed by the aggregate of the capital, surplus, deposits and circulating notes of the national, state and Federal Reserve Banks has now reached the huge total of \$50,981,900,000, as shown by the figures of June, 1920. This represents an increase of \$5,225,600,000 over the figures of June, 1919.

In 1890 the banking power of the country, as estimated by Mulhall, was only \$5,150,000,000, so that our present total banking power is nearly ten times as great as it was only thirty years ago.

Comparing the growth of national and state banks, it is found that in the five year period ended June 30, 1920, the resources of the national banks increased 88.18 per cent., while the resources of banks other than national increased 85.83 per cent.

These figures indicate that the national banks and those outside the system are not far apart in their rate of growth.

It would be reasonable to expect that the decline in prices and the reduced pace of business enterprise will see a considerable falling off in banking totals in the next few years. At any rate no such exceptional growth may be looked for in the near future as that which took place between 1893 and 1920.



Proposed Labor Union Bank

NEWs of a proposed labor union bank comes from Pittsburgh. In a dispatch from that city to "The New York Times" the following particulars are given:

"It is said here that the labor unions are planning to fight capital with capital, the intention being to form a gigantic private banking institution with a capitalization of \$100,000,000, made up of 5,000,000 shares of the par value of \$20, to be sold to union men only. The tentative scheme, it seems, is for the American Federation of Labor, with headquarters in Washington, to build up an immense fund for 'educational and defensive purposes,' to be used in strengthening the labor movement in general and also to put it in the foremost ranks of the financial institutions of the country.

"To do this it has been proposed to enter the field as a gigantic \$100,000,000 trust that will receive on deposit all the savings of union men throughout the country. Doing this as a trust will exempt it from Federal and state bank regulations and from any taxes other than those imposed upon an individual.

"The plans of the organization of this great financial scheme have been kept secret, but the details are gradually leaking out, and it is admitted that a declaration of the aims and purposes of the trust has been filed with the Recorder of Deeds at Philadelphia, and it is said that a temporary office has been opened in that city.

"The builders of this proposed financial machine say that wage earners of the country have on deposit throughout the country something like \$4,000,000,000 or \$5,000,000,000, and this money is destined to be placed with the fifty or more branches of the 'union' bank that is to be established, with headquarters in Philadelphia and offshoots in all the great industrial centers of the land.

"It is said that the real sponsor of the new concern is the Central Labor Union of Philadelphia and is to be known as the Producers and Consumers Co-operative Bank of America.

"It is said also that the directors of the Philadelphia bank have already been elected and include many labor officials in Philadelphia, Pittsburgh, Altoona and other cities."

This is not the first time that attempts have been made to launch a bank on a similar plan.

There is, of course, no sound reason why those who regard themselves as laboring men should not organize a bank of their own if they choose to do so; farmers, merchants and mechanics—if one may judge from existing bank titles—are already well represented by banking organizations.

But whether the proposed bank will succeed or not is another question. To do so it will need good management, and this will have to be provided by men skilled in banking—by those generally considered as "capitalists." Then, if the new bank is to "fight capital" it will of course exclude as depositors all who have any invested means from which an income is derived, and depend upon wage-earners who have nothing saved and invested. This will exclude a large body of laborers who are also capitalists, in a small way, it is true, but capitalists nevertheless.

From the standpoint of good business, the attempted division of the sheep and the goats in this way is unwise. Moreover, it will prove a hard job. Many American workmen, because of their skill, industry and thrift, are every day emerging into the "capitalistic" class; and, if you put them down to-day as workmen only, almost by to-morrow they will have passed up and out of that category. The fact is that the class of permanent workmen or peasants is in this country so negligibly small that any business which seeks to exclude all others as its patrons will soon find itself operating on an exceedingly narrow and a constantly narrowing basis.

It would be more reasonable and a great deal safer to establish a bank for red-headed people only; for, once red-headed always red-headed; at least until age brings white hairs.

Now, to speak more seriously, some of the wisest bankers have often said that a bank intended for any certain class is founded upon a mistaken basis. The appeal of the bank must be democratic and universal. Such are our banks to-day. There are, manifestly, some banks designed to handle the more important branches of business; but there are thousands of banks where all classes are welcome, and where no account is too small.

But a more serious objection to the plan of a labor bank, as above outlined, is the fact that it is started for the express purpose of "fighting capital." A grouch of any kind, real or fancied, is a mighty poor foundation upon which to build a successful business.

Then the "educational and defensive purposes" for which the bank is to be formed have a doubtful look. This is a function outside the proper domain of banking; and if a bank is to succeed—that is, if it is wisely to invest and safely to care for the funds entrusted to it, and earn a fair profit—it must stick to banking and keep out of other lines of enterprise, even though they be "educational and defensive."

No doubt the idea behind a bank of this sort originates in the belief that in some way the banks are being administered in the interests of a supposed class of "capitalists" and against the interests of those commonly styled "laborers." Such a classification is inaccurate; but if this were not so, and the incentive prompting the organization of such a bank had a real foundation, then the "laborers" could not be blamed for taking the course indicated. But such an imputation cannot justly lie against the banks of the United States. Nowhere in the world are banks so numerous, so widely owned or so democratic in their management or so universal in the services which they render.

If the workingmen of America fully understood their banking system, they would readily see that no just grounds exist for forming a labor bank upon the plan as above indicated.



Increasing Disparity Between Banking Capital and Deposits

FIGURES presented in the last annual report of the Comptroller of the Currency show that the increase in deposits of the national banks has not been accompanied by a corresponding augmentation of the capital of those institutions. On the contrary, the large gains in deposits have widened to a considerable extent the disparity between the capital of the banks and their liabilities to the public.

As shown by the Comptroller's Report, in 1900 the deposits of the national banks amounted to slightly more than five times their capital. At the time of the September, 1920, call their deposits amounted to nearly thirteen and one-half times their capital. The surplus and undivided profits items for this twenty-year period have shown an increase of 273 per cent. It will be seen, therefore, that the position of the banks is stronger than might be supposed from the mere comparison of the ratio of deposits to capital, although the disparity was far from being absorbed by the increase in the surplus and undivided profits.

In his Report for 1920, quoting a previous recommendation, the Comptroller said:

"That the total deposits which a national bank may receive shall be limited to eight or ten times the unimpaired capital and surplus of the bank. The experience and observation of this office during the past year strongly emphasize the importance of such legislation, the reasons for which have been presented in a previous annual report."

This subject seems to have received but a moderate share of the attention of American bankers, if one may judge by the scant reference to it found in the discussion of banking problems. Many well-managed banks, however, have clearly seen the desirability of adding to their capital with the growth of deposit liabilities and have been prompt in taking the necessary action.

Adequate capital equipment not only strengthens a bank, as it does any kind of business concern, but gives to the bank a reserve of lending power which in seasons of active demand for funds may become the source of important additional profit. True enough, when such demand falls off, the bank with surplus capital equipment runs the greater risk of finding profitable uses for all its funds. With the widespread market for commercial paper, and the attractive investment offerings, there would seem little present lack of opportunities for employing funds, though of course this situation may not be permanent.

As to just what is the proper ratio that ought to be maintained between a bank's capital and its deposit liabilities, a positive opinion can hardly be expressed. Ought the ratio to be the same for all classes of banks, or should it vary according to the total resources of the bank? That is, should a bank of \$100,000 resources and one having \$100,000,000 be required to maintain the same ratio? Or are there other factors which would render a variation in the ratio desirable?

One thing is certain, namely, that if the matter is left entirely to the discretion of the banks, a good many of them will pay no attention to it whatever. On the other hand, as has been said al-

ready, the prudently-managed bank is keenly alive to the desirability of maintaining such ratio between capital and deposits as will fully equip the bank for public service and keep it within the limits of safety.

A rule that in former days received much sanction required that bank notes intended to circulate as money should have a specie reserve of not less than thirty-three and one-third per cent. The reserve rule for national banks, prior to the enactment of the Federal Reserve Law, was twenty-five per cent. for the reserve cities and fifteen per cent. for the "country banks." But this reserve is now greatly reduced.

Without attempting to decide what would be a proper ratio between deposits and capital, it may be said that more careful regard to this matter than has been given it heretofore would contribute quite materially to banking safety, and would tend to check banking expansion beyond prudent limits. The incentives to such expansion are very powerful under existing conditions, and the imposition of a check upon it could hardly fail in promoting sounder banking operations.



The Strenuous Life

JUST as the fishing season approaches, and when some bankers and others were looking hopefully forward to a not distant time when they could relax somewhat the cares of active business, comes high medical authority declaring that any decided let-up in the day's work is likely soon to be followed by fatal results.

In an article recently published in the "Cosmopolitan," Dr. Woods Hutchinson, writing on "The Pace That Kills," declared in effect that it was the snail's pace and not that of the race horse. Following up the idea thus suggested, Dr. A. L. Goldwater, of the "Medical Review of Reviews," made some investigations, and gained opinions from a number of business men and from bankers. Charles H. Sabin, president of the Guaranty Trust Company of New York, said:

"I certainly share the almost universal opinion expressed—that retirement from business is no longer the ideal of the average business man, and regard this as a distinctly hopeful sign of progress. I feel that men who are still capable of rendering service have no moral right to deny it to the world.

"It is reassuring to note that many men of what was once considered 'advanced age' now express their intention to continue in harness. They have found hard work, persistent application and

long hours to be the most potent influence in preserving both their mental and physical vigor."

Captain James Dinkins, vice-president of the Jefferson Trust and Savings Bank of New Orleans, nearly seventy-six years old, wrote:

"I have been active in business for fifty-five years; but I would never work at night nor take the business home with me. I have always taken an interest and a part in social affairs. We will be seventy-six years of age April 18 coming. I say we because my wife and I were born on the same day, April 18, 1845. We have kept abreast of the times and dance all the modern dances, as well as those of a past age. I spent four years in the Confederate Army—so that I had a good start."

And from Raymond R. Frazier, president of the Washington Mutual Savings Bank of Seattle, comes this testimony to the value of an active life:

"It seems to me that the great truth which this article points out is that it doesn't matter how hard one works, provided he plays out of doors systematically and often. I agree with this. I believe more people die from laziness and indolence than hard work."

While the general view expressed by these bankers may be accepted as correct, it does not necessarily mean that a bank officer need hang on to his job until released from it by death. There is a lot to do in the world besides banking. Any man who has the knowledge which years of experience in a bank afford is splendidly equipped for various kinds of public service, and need have no fear of lack of work to do, even though it be outside the bank. Indeed, very old men who remain as bank officers are liable to drift into the position of mere figureheads, with nothing of importance to do, and but little called upon for counsel. Such a position surely can hardly stimulate the mental or physical faculties to the same extent as a different form of employment, where the novelty would add fresh zest to it, and where the opportunities for complete devotion to some form of public service would meet with no obstacles.





GATES W. MCGARRAH
President Mechanics and Metals National Bank
of New York

MR. MCGARRAH was born in Monroe, N. Y., in 1863. After entering a banking career he became cashier and president of the Leather Manufacturers National Bank. When this bank merged with the Mechanics National Bank, which later became the Mechanics and Metals National Bank, Mr. McGarrah remained president of the larger institution. He was secretary of the New York Clearing House Association in 1903-04. He is now chairman of the board of the American Brake Shoe and Foundry Company and is director of other companies.



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CHARLES H. SABIN

President Guaranty Trust Company of New York

MR. SABIN was born in Williamstown, Mass. He was graduated from Greylock Institute in 1885, and began his banking career in 1887 in the National Commercial Bank of Albany, joining the Park Bank in 1891, where he was made cashier in 1898. He was cashier of the Albany City National Bank from 1898 to 1902 and was then elected vice-president of the National Commercial Bank. In 1907 he was elected president of the National Copper Bank of New York, and in 1910 was made vice-president and director of the Guaranty Trust Company, becoming president in 1915.

How to Determine Banking Costs

The Importance of Knowing What it Costs to Handle an Account

By Thomas C. Jefferies*

ANY bank ought to know whether or not it is making money in its business, and whether it is or not, it should be familiar with the mechanics of the operations. To the bank the profit or cost of an account—its plus or minus value depends upon the expense entailed by the bank in handling the account and what it will produce when put to work for the bank—that is when the loanable funds of which it forms the basis, are earning money for the bank. What makes necessary tellers and bookkeepers is *volume* of work, rather than *kind* of work. It is the number of checks handled that counts in the labor costs. It is as easy to handle a check for \$1,000 as it is one for \$10, but it entails more labor to handle ten checks aggregating \$100 than it does to handle five aggregating \$5,000.

In the past, bankers have been indifferent toward banking cost accounting generally and the analyzing of large accounts particularly. They have been slow to warm up to the practice and only a small percentage of bankers have even yet been sold on the plan. Increases in the number and size of accounts have been noted with satisfaction without regard to such important factors as their activity or the actual expense incurred in handling them. Losses have inevitably resulted. The most serious leaks of this kind are often concealed but casual inspections which many bankers give to their accounts do not reveal the actual nature or status of those accounts. A kind Providence, however, has kept the facts from becoming generally felt. The favorable circumstance of the nation's great and sustained growth has enabled the business of banking in America to prosper uninterruptedly for many years. As to costs, however, the business has been conducted very much in the dark. When

bank accounts have shown credit balances in favor of customers those accounts have been considered desirable ones regardless of size or activity. Of course, the only remedy for this condition is cost accounting and the analysis of deposit accounts. In recent years this feature of bank administration has been receiving attention in progressive banking institutions and they are learning many interesting facts about their own business.

The credit department ascertains facts and figures as to the desirability of a prospect as a customer and when this has been ascertained the new business department seeks to establish the connection between the bank and the customer. The analysis department on the other hand concerns itself with present customers of the bank, ascertaining the result of their transactions, to the bank, and endeavoring to extend their relations into new departments, for every bank should try to be of maximum usefulness to its customers. There are, I believe, but few banks that do not need to analyze their accounts. These are the ones that are either dead or dying. All others ought to have account analysts constantly at work. In such a department the use of certain records will be found essential. One of such cards is an average balance record which will show the average monthly balance and yearly balance maintained by a depositor and the amounts of his liabilities on his own paper, on his customers' paper and also on his loans which are secured by collateral. This record can easily be made also to accommodate data as to the activity of the account by recording the number of deposit and withdrawal transactions taking place in the account.

*Mr. Jefferies' paper received honorable mention in the contest recently conducted by THE BANKERS MAGAZINE.

The information thus shown should include both central and branch offices if there are any of the latter. In such cases the branches should promptly forward to the main office monthly statements showing the necessary data. When received this information should be posted to the record.

Another necessary record is a sort of comprehensive file or clearing house of information regarding accounts such as the past and present relations of a customer in all departments in which business may have been transacted.

This record should show the address and business of the customer, the name of the person who introduced the account, the name of the officer who opened the account, names of other banks where accounts are kept, where accounts have been kept in the past, the rate of interest to be allowed on the account, the amount of initial deposit, names of officers and directors, if customer is a firm or corporation, names of affiliations and other references; also transactions in different departments should be indicated by a check on this record card and, when desired, the actual volume of business done can be easily ascertained through inquiry of departments in which this record indicates that business has been transacted. This file should be kept up to date and for this reason some competent person should be responsible for its constant revision.

This is a record that will be of decided value to any bank that adopts it. It will show not alone in what department a customer does business but also in what departments of the bank he does not do business, which is most important. He then becomes a prospect for each of the latter departments. In the installation of such a department a list of all customers of all departments should be made. In the operation of this file each department should report its new customers on blanks provided for the purpose, the names to be checked against those already on file. If a card is already in the file on the name, the date of the new transaction is entered on the

card against the name of the department which has rendered the recent service. If the name does not appear among the cards a new card is to be filled out. Details of transactions are of course not kept in this file, but only in the departments in which they take place. Once this system is installed, no central record cards should be allowed to leave the department. When information is desired from this record a special form provided for the purpose should be used.

The central file will make friends easily for it can serve the stenographers and the clerks almost as much as it can serve the executives of the institution; it will also render substantial service to customers, if as intended it leads to their utilizing more of the company's service. A bank's chief reason for existence is service; since this central record tends to promote and increase this service its fundamental importance is apparent. An investigator who consults this record can note at once the departments with which business has been transacted and the departments of the bank to which business relations logically should be extended. The suggestion can then be passed to the new business department. Not only the names of customers, individual or corporation are noted, but also the names of a corporation's officers and directors.

Another useful record is the liability card or the liability column on the average balance card. It shows the liability of a borrower, dates due, etc. From foreign and domestic loan departments of the bank daily memoranda showing changes in borrowings should be supplied and these figures promptly posted on the record.

An important phase of analysis work which will doubtless result in increased deposits is the adjustment of interest rates. Low average balances and high "float" percentages can be regarded as debits in nearly every case and handled accordingly. Satisfactory accounts, however, should be examined at frequent intervals and accorded the highest rate of interest that is warranted.

Interest rates on deposits ought to be voluntarily increased by a bank if an account warrants it. This will invariably redound to the benefit of the bank and many increases in deposits will result therefrom. There is no more reason for paying only as much interest as a bank is forced to pay than there is in maintaining that attitude towards employees in the matter of their salaries—as some banks still do. When an account shows a material decrease, it should be made the subject of an investigation and an attempt made to ascertain the cause. If by any chance it has been on account of lack of attention on the part of the bank or any of its employees—occurrences which most banks earnestly try to prevent, but which nevertheless sometimes happen, an apology should be immediately extended to the customer. Sometimes an account will show a balance of less than minimum requirements. In cases of that kind the depositor should be courteously invited to bring the balance up to an interest-bearing figure. If this is not done or a balance is not brought up at least to a minimum figure of say \$500, the service charge presents the only answer. No business should be conducted at a loss on accounts with low balances. Many banks make a service charge of a fixed amount for all such accounts regardless of the actual amount of the low balance in each. It is perhaps better to have a scale of service charges that will penalize the balance of \$50 more than the one of \$250 or \$200. It should therefore be a charge schedule that will vary with the amount of the account and vary *inversely* with the amount of the account.

For instance, if desired a charge of \$3.00 per month ought to be made against every account that shows a balance of \$100 or less; \$2.00 per month from \$100 to \$200, and \$1.00 per month of \$200 to \$250 or less than \$300.

Bankers should remember, however, that accounts with low balances are not the only ones that can cost the bank money to handle. Many accounts which show credit balances of satisfac-

tory amounts upon analysis will be found to be losing money for the bank that handles them. For example, one bank found that an account which showed an apparent average balance of nearly \$100,000 caused a net loss of \$142.48 to the company in the brief period of a month. Another bank sustained a loss of \$468.29 in about two years on an account of \$30,000. Activity and actual expenses can wipe out profits very rapidly.

In undertaking analysis work, bankers will do well to remember that it must be *adapted* according to the needs and conditions that prevail in particular institutions. It is a system that can be adopted in its entirety by but few of them. Nevertheless, certain general principles can be applied to most banking institutions.

The average balance figure shown on the balance cards of course comes from the bookkeeping department. This figure will form the base for the intelligent analysis of an account. From this average balance figure should be deducted the average amount in transit. To obtain this figure the items of float for the period for which the analysis is to be made should be reduced to a figure representing the amount in transit for one day. For this purpose a sheet similar to Figure 1 should be used.

At the end of analysis period the aggregate of the in transit items should be reduced to a figure representing the average amount outstanding for one day. This total should be deducted from the average daily balance. From the remainder the legal, and if desired, the subsidiary reserve also should be deducted. On the balance should be figured interest at the approximate rate that can be obtained for the money. If to this is added the amount received for exchange charges, the resulting amount will represent the gross earnings of the account for the bank.

In order to ascertain what expenses the bank incurs in handling an account the following items should be added together:

all the items handled increased a bank's expense.

The remaining item of expense connected with an account is the interest which is paid on it. Some banks have no exchange charges to consider in their analysis of costs for the reason that what they pay out to their connections for collecting a check, they receive from their customers. Other institutions, however, which pay out exchange and collect none, have these items to consider in their analysis work.

Analysis of accounts is certain to reveal losses and the logical procedure is to stop them by making proper service charges or requesting that the accounts be closed. There is no object in doing business at a loss and banks may have to close out many accounts if they undertake careful analysis.

Accounts showing overdrafts should be referred to the analysis department and an investigation there made. These overdrafts should of course be recorded as they occur and if an investigation discloses many of such overdrafts in an account there should be but one method of procedure—insistence upon the withdrawal of the account. No banker should ask his stockholders to bear such losses as those which occur on overdrafts and small balances. Of course, there are such accounts in most banks.

Borrowing Accounts—Accounts that borrow should be analyzed at stated intervals to ascertain the proportion of actual balances to actual loans, average amount of balances to average amount of loans, periodical reductions, also any other desirable information such as affiliations, other accounts, accounts introduced, etc.

In many instances special instructions will have to be issued concerning interest rates on accounts, etc. These instructions can be issued on some form especially provided for the purpose and it should be the duty of the analysis department to see that these instructions are carried out. The loan department should supply the analysis department with memoranda regarding changes in loans and these changes should be noted on the liability card and in the liability

column of average balance card. If the card indicates special instructions regarding balances the bookkeeping department should, of course, be notified accordingly. In forwarding information forms similar to the following can be used to advantage:

TO BOOKKEEPERS

Name

Address

A loan of \$.....has been made to the above account, and in accordance with instructions interest is not to be paid from..... (date) until further notice from the analysis department.

TO BOOKKEEPERS

Name

Address

A loan of \$.....made to the above account has been paid and therefore interest is to be credited from..... (date) until further notice from the analysis department.

TO BOOKKEEPERS

Name

Address

Instructions concerning the above accounts read that we are to carry a free balance of \$.....effective from..... (date). Please see that interest is allowed only on amounts in excess of that balance.

The analysis department can often prevent loss of interest to the bank, as well as the concealed loss through time and expense to which reference has already been made. In the past, banks and trust companies have liberally absorbed the expense of imprinting checks for distributors, supplying them with endorsement stamps, etc. To-day the best banking practice approves these measures of service only when the analysis department can assure the company it is warranted in assuming this expense. If it is not warranted the depositor is required to assume it.

New deposit accounts and new loan accounts should be investigated by the analysis department and the officer opening the account or making the loan

should be consulted for whatever information he may have regarding the customer. On information thus gained can be based any supplementary investigation that may be desired. The analysis department can file such reports as may be desired covering these operations and at such intervals as deemed advisable.

Analysis work is like so much Greek to the average bank clerk but it is of vital importance to bank executives who want to know where they are going and how. The reports and records which up-to-date analysis departments can compile and the facts they can reveal regarding accounts will be found invaluable to any bank. Many bank men can recall the talkative penman who flourished a few years ago and who could "beat the typewriter." Also the born magician—bookkeepers who by their rapid calculations and mathematical gymnastics footing simultaneously

several columns of several figures each, were heralded as the original anti-adding machine influence, destined to scrap that device before the poor thing had even a chance to be introduced, marketed or even decently displayed, but time proved that these gifted individuals were "false prophets." The typewriter and the adding machine we have with us to-day in increasing number and design.

Analysis of accounts in banking institutions generally is more essential to-day than ever and it will not be long before every progressive bank in the country, of whatever size, will have a well manned analysis department, diligently and definitely ascertaining whether the bank loses money and how.

There is, of course, such a thing as overdoing anything, but it cannot be denied that when any system accomplishes the economy of time or money it, like labor, is worthy of its hire.



Is the Real Estate Mortgage Coming Back as an Investment?

By Reginald P. Ray

THE developments of the past month in world affairs and the immediate effect of such developments on the securities market are matters of great interest to investors. The troubles of the railroads at home and the unsatisfactory foreign conditions caused by the failure of the London Conference on Reparation reacted directly upon the market, and stocks touched the lowest level thus far in 1921. The significance of this situation lies in the fact that before any improvement can be expected conditions will probably become worse. While no one relishes being classed as a pessimist, we might as well look the situation

squarely in the face and prepare for a dull spring and summer.

The railroads have failed to earn the 6 per cent. considered a fair return on their property valuation. As a matter of fact, operations for January show a deficit of \$3,000,000. This is compared with net income of over \$42,000,000 in the same month in 1920. Transportation is the link in the industrial and commercial chain least able to withstand the strain through which we have been passing. The roads refuse to operate at a loss, and have cut wages. This courageous step was highly proper. Labor is more than half the cause of the present condition. The

requirements of war raised the scale of wages, and the readjustment has been too long delayed after the necessity for high wages ceased to exist. Here the principal of unionism has had its influence, interfering with the workings of the natural law of supply and demand, with capital the poorer for the experience. The high cost of production, which is, to a large extent, high wages, was responsible for the so-called buyers' strike which occurred in the first months of the year. The consumer is the strongest link in the business chain, and could not be coerced. He refused to buy at war-time prices when the war was over. The result was immediately and severely felt by the retailer, the second link in the chain. A credit stringency followed, and trouble was only averted by the Federal Reserve Bank's wise policy in handling the difficult credit situation. As it was, credit was strained almost to the breaking point and thus the third, or financial and banking link in the chain, felt the general strain. As a result of the buyers' strike, the manufacturers and producers of raw material, composing the two remaining links in the endless chain of business, suffered simultaneously and began curtailing production and cutting prices. Thus the process of readjustment began and worked through the business structure to the ultimate reduction of prices. What of labor in the meantime? While this readjustment was progressing labor was still drawing the high wage of war time. Manifestly this condition could not continue. It is necessary to correct this inequality before business will again function properly. Fortunately, labor is showing signs of being fully conversant with this condition. In one of the big electrical industries of the East, wage cuts were recently put into effect, amounting to fifteen per cent. of the men's salaries. Thirty thousand men were affected. Notwithstanding the protest of the union leaders, the men voted to accept the cut as inevitable

and just under prevailing conditions.

Other causes contributing to a pessimistic view of the immediate future are to be found in the foreign situation. The German reparations, constituting a sorer spot in the body politic from a commercial standpoint than at any time since the close of hostilities, show no signs of a settlement which will be helpful to business. While it is too early to say what the results of the allied occupation will be, it is certain that it will not increase production in Germany, and without production reparation is postponed. Not until the reparation installments are being met regularly, either voluntarily or by force, can foreign exchange improve, and not until foreign exchange approaches normal can our manufacturers profit by a foreign market.

To go back to the question of investment, we may say with all the indications agreeing with the statement, that the market for securities will be heavy until one or possibly both of the difficulties mentioned are remedied and the world machinery regeared to the new condition. If then the bond market is to remain unsettled for a period approximating the coming summer and fall, investors who do not care to deal in uncertainties will be compelled to turn to forms of investment not seriously affected by the conditions mentioned. The chief non-fluctuating investment is the real-estate mortgage. Here there is a total absence of uncertainty. The housing shortage has kept realty prices on a high level, and the steady flow of mortgage money away from the mortgage market into bonds, which have unquestionably been selling at bargain prices, has left a great volume of applications for mortgage loans available to investors. These loans, especially when guaranteed as to principal and interest, are under present conditions a wise choice, and during the immediate future many investors will undoubtedly turn to real estate mortgages to meet their investment needs.

What Bankers Think About the Tax Problem

A Digest of Banking Opinion on the Most Important Question of the Day

AS Congress convenes, the big outstanding problem with which it will have to cope is the question of tax revision. That there must be certain fundamental changes in our system of taxation nearly everyone agrees, but as to what these changes should be there seems to be great divergence of opinion. In every community the banker is really in closer touch with this problem than anyone else. In his daily dealings with his clients he is constantly having opportunities to observe how the people are affected by the present tax program, to see what are its flaws and to draw conclusions as to what remedies should be applied. Not only is the banker's own personal opinion of considerable weight, but he is also well acquainted with the opinions of the business men of his community.

In order to tap this rich source of information, THE BANKERS MAGAZINE has sent to representative banks in all parts of the country the following questionnaire:

1. Should the Excess Profits Tax be repealed?
2. If so, what form of tax should be substituted?
3. Do you favor a sales tax? If so, what form of sales tax do you favor?
4. What modifications, if any, should be made in the Income Tax?

SHOULD THE EXCESS PROFITS TAX BE REPEALED?

Eighty-eight per cent. of the banks that responded to the questionnaire stated that they were in favor of the repeal of the Excess Profits Tax. Of those that did not favor the absolute repeal of the tax, a large number thought that the law in regard to excess profits

should at least be modified. Most of the banks were emphatic in their opinion that the law should be eliminated. It would seem, therefore, that any legislation looking to the abolishment of this tax will meet with almost universal approval. As a matter of record, however, it is interesting to quote from some of those who hold contrary opinions:

"I do not believe that the Excess Profits Tax should be repealed. It must be apparent to any thinking man that the more a man makes, the more able he is to pay taxes. When a man's income begins to run into thousands of dollars a year, he is more able to give all of it above a certain amount than the little fellow who only makes a thousand dollars or so a year."

"As to corporations, it should be repealed; as to individuals, no."

"While imperfect, its provisions are certain. Business should not be disturbed by new plans of taxation. The fact that it is cumbersome is more than offset by the fact that bankers and lawyers now understand it, and its forms and blanks are becoming standardized."

THE SALES TAX AS SUBSTITUTE

About half of the reporting banks feel that some form of sales tax should be substituted for the Excess Profits Tax. The others either felt that no tax at all should be substituted or else that some form of tax other than the sales tax should be considered. Many felt that strict governmental economy and retrenchment would make it unnecessary to make any substitution. Others felt that the Government should refinance so as to distribute the cost of the war over a longer term of years and thus reduce the annual taxation require-

ments. Still others felt that a tariff bill should be enacted which would produce sufficient revenue to make up for the repeal of the Excess Profits Tax. Some of the more interesting suggestions were as follows:

"Call in Liberty Bonds and reissue long-term bonds so that future generations can bear their share of the burden."

"Something to catch the other fellow."

"A direct tax paid by all taxpayers once a year."

"Eliminate all tax-exempt bonds."

"A straight tax on all net earnings."

"If rigid economy in the administration of Government affairs could be effected, this tax could be eliminated."

"A tax on every male or female unmarried at twenty-five."

"Straight individual income tax—no corporate or tax at source taxes."

"Increased postage."

"A man owning municipal and Government bonds should not be entitled to freedom from income tax, when perhaps a man with a salary of \$3,000 a year, buying his home and raising a family, is taxed over and above his exemption of \$2,000."

"I would suggest as a substitute, first, such tariff legislation as will yield a substantial revenue. A tariff which will equalize the cost of production of our goods with that of other countries in order to place our products on an even basis. A tax on luxuries, such as smoking, pleasure automobiles and other things. The people should be willing to pay, as this will encourage thrift, which is highly essential at this time when so much property has been destroyed as a result of the war and those losses must be re-accumulated in order to put the world on its former resource basis."

While more than half the bankers favor a sales tax, there are many different ideas expressed as to how such a tax should be levied. The turnover tax, gross sales tax, commodity tax, retail tax, manufacture tax, are all advocated but not in all cases very clearly

defined. The general principle of taxation based on sales, however, rather than on income, seems to meet with favor in many quarters. It is urged that such a tax encourages thrift, is easy to pay and collect, and will yield a satisfactory amount. Following are some of the suggested forms of this tax:

"There should be a sales tax at the source; that is, at the initial producing point. For example, the shoe manufacturer should be taxed 25 cents or 50 cents, or whatever it may be, for each type of shoe produced. There should be no jobbers' tax on that shoe, no retailers' tax on that shoe—simply the original manufacturers' tax on every article in order that the tax may not be pyramided as it is to-day through our system of taxation, where every man is compelled to levy a tax in the cost of production."

"One per cent. on all sales."

"Straight per cent. on sales for wholesaling and retailing and straight per cent. on gross profits on all other business."

"A certain per cent. on the sales price—to be paid by the buyer and collected by the seller."

"The best and simplest sales tax that can be devised by a selected board of experts, practical accountants and economists. Should be paid monthly same as amusement taxes."

"Would favor a sales tax if it would be small, say one-half of one per cent., if it could be added once and not several times, and so distributed that it would not be burdensome. If we are going to have one, suppose it is just as well that it should go on everything, so as to make it light and less felt. If you enact a sales tax and the principal source of revenue is from this source, what about banks and many other institutions and persons who do not sell merchandise? They should be reached. If sales tax is enacted it should apply to all classes."

"A retail sales tax, paid as a tax by the consumer."

"On all retailed manufactured articles."

"Tax on final sales only."

"We favor a sales tax on every sale made by wholesaler or retailer."

"Yes, we favor a sales tax covering commodities only, not covering services, with no exemptions, and to follow the commodities from the raw state to the hands of the consumer, at the rate of one per cent."

"Two per cent. on all retail sales; five per cent. on luxuries."

"A sales tax on factory sales of goods that enjoy a protective tariff."

"A five per cent. direct sales tax."

"Sales tax on first or original sales only."

"A tax on all articles sold and tax paid by the party selling the goods. This would keep money constantly coming into the Treasury."

"Levy on each and every business involving the sale of any merchandise produced, manufactured or purchased for sale a tax of one per cent. on the gross sales of such business, collecting from the vendor monthly."

"A sales tax should be arranged so that it will be paid by the ultimate consumer."

"I favor a sales tax to be put on the source of production. This will necessitate less work than trying to collect it through the retailer."

"There should be a small rate, say one per cent., on all sales by producers, middlemen and retailers, except reports where total sales do not exceed \$1,000."

"Every merchant to pay monthly on gross sales. Elevator companies and farmers to deduct at time of payment for articles bought, and to remit to the Government at the end of each month. There are thousands of merchants who know nothing about their business affairs whatever. A sales tax would compel them to look more closely to their business."

"One per cent. on turnover, payable monthly. It is my opinion that such a tax, collected monthly, would eliminate the enormous overhead and confusion in the present method of taxation and by making the tax collectible monthly the business would be in much better

position to anticipate the tax burden and better prepared to meet it, and in addition would give the Government the benefit of a steady income, monthly instead of quarterly as at present. But the main idea in this method of collection is that it simplifies the work and would in our opinion enable business to adjust itself to a more nearly fixed charge for tax."

"A small tax, say one per cent. on sales, while it would produce in the aggregate an amount large enough to make it unnecessary to keep the excess profits tax in force, might be large enough even to reduce the surtax on income and would bear so lightly upon the individual that its existence would scarcely be perceptible. It would be, in effect, a flat percentage of one per cent. against volume of business, to be paid monthly by every corporation, partnership or individual in business. In the case of banks, brokers, jobbers, or commission men, the percentage should apply on 'gross income' before payment of operating expenses, rather than against gross volume of business handled."

"One per cent. on gross sales down to and including the retailer. It should be easy to compute and every merchant should be compelled to keep that much of a record."

"Ten per cent. on luxuries; one per cent. on necessities."

MODIFICATIONS IN THE INCOME TAX

Various suggestions for modification in the Income Tax Law were received. Some of these were definite proposals of changes; others simply advocated the general simplification of the law. A few, a very few, seemed to be satisfied with the law as it now stands. Some of the more interesting proposals are outlined below:

"Believe that when income is computed, it should be for the average of the last preceding five, or at least three, years. Under present ruling, a concern often loses as much in one year as it has been able to make in three or four years and it seems unjust to exact in-

come for some one good year when losses are incurred for two or three years."

"Should begin on lower incomes and also be graduated a little higher on incomes over a reasonable amount."

"Raise exemption for children from 18 to 21."

"Simplify it so that the average person can at least partially understand it."

"Should not tax income under \$5,000."

"It is my opinion that we should stick to the personal income tax only, compelling corporations to report profits and dividends paid stockholders the same as partnerships are now required to do."

"Make the tax as simple as possible so that when one makes his return he can be conscientiously true and honest to his Government and himself."

"I think that the rate should be reduced and all exemptions cancelled, and tax made on all salaries and wages, say of two per cent., to be deducted weekly or monthly from employees and paid monthly to the Government by the employer."

"Think that a reasonable dividend should be allowed to be deducted from the net profit before the tax is figured."

"A nominal flat tax on incomes of \$5,000 or over—no surtax."

"The high surtax should be reduced so as to remove the temptation for large taxpayers to invest all of their money in non-taxable securities. Also the law should be changed, or rather other laws should be changed, reducing the amount of non-taxable securities."

"Exempt personal incomes \$5,000 or less married and \$2,000 or less single. Raise exemption on dependents to at least \$1,000 or more for each individual."

"Exemption should be lowered to \$1,000 so that every man in the United States would pay his proportional part."

"The surtax should be greatly reduced. This is too severe a tax on brains and energy and robs the man of ability of his desire to develop and build up his business."

"The rate of tax should be modified

to the extent that the incentive to earn money, both by individuals and corporations, will be increased rather than ruined as it is under the present system."

"Eliminate all tax-exempt securities."

"Make the income tax a certain per cent. of income, say not more than three or four per cent. of net income, without regard to the amount of income."

"Banks should be permitted to take their loss on Liberty Bonds without having to sell them."

"1. Tax moderately lower incomes.

"2. Simplify report.

"3. Require the Government to approve report before requiring payment.

"4. Decentralize administration."

"I am satisfied to pay an income tax as we now have it, with such changes tending towards its simplification as should be suggested by a board of experts."

"Large incomes should not be taxed so that they withdraw funds from business to tax-free securities."

"What we need to impress upon Congress and everyone else is not the question of what tax should be levied, but what economy we propose to practice in order to put the country back on a sane basis. Any blockhead can figure out some new basis of taxation. From past experience we know that individuals, whether private or representing the Government, can with the greatest ease find ways of spending a great deal of money. What we must insist upon is that all useless public improvements at present be done away with, and strict economy be practiced in Government departments."

"A further extension of the officers and employees of the department leading to a closer checking of present statements, securing uniformity of bookkeeping. Enough employees throughout the districts so that more individual help can be given the public generally."

"In our opinion there should be a distinction between income received from individual effort and earnings from investments. At present taxpayers receiving a moderate income from their

own efforts frequently pay more than a taxpayer who has retired and whose income is entirely from securities."

"It should be simplified so that any man of ordinary intelligence could make out his returns without employing assistance."

"We doubt that the abstract 'profit' derived from subtracting the problematical value in 1913 from the present price is 'income' that is properly taxable."

"We are in favor of no change except to reduce the gross amount required to be raised."

"It would seem to me entirely feasible to have the income tax law apply only to individuals, with the provision making it obligatory upon corporations to declare dividends either in the shape of cash or stock whenever their profits amounted to more than a certain percentage. These dividends, whether in cash or stock, would then be considered as income to the individual. This would, it seems to me, not only simplify our tax procedure, but would prove immensely acceptable to the minority stockholders of corporations."

"Not allowing banks to deduct local

taxes on capital stock and surplus appears to us as unjust. Our taxes last year were locally \$4,000 and we pay on this as though it were a profit."

GENERAL CONCLUSIONS

If any general conclusions can be drawn from the mass of sometimes conflicting opinion that was submitted in response to this questionnaire, these can be summed up as follows:

1. In the opinion of nearly all of the reporting banks, the Excess Profits Tax should be repealed.
2. In the opinion of at least a majority of the reporting banks some sort of sales tax should be levied.
3. In the opinion of most of the banks the Income Tax should be greatly simplified.
4. A number of banks object to the tax exemption of certain classes of securities.

Public opinion seems to be fairly clear on at least two issues, the repeal of the Excess Profits Tax and the adoption of some sort of sales tax.



How One Bank is Building Up Its Women's Department

"YOU know I've never been inside a bank in my life."

That's what a saleslady recently said to Miss Martha C. Sears, manager of the women's department of the Bank of the United States, New York. Before Miss Sears left her she had promised to come in the next day and open an account. Today she is a steady and conscientious saver.

This is an example of the personal education in thrift which is being carried on by the women's department of this Fifth Avenue bank. Unlike the elaborately furnished departments which cater

to women of wealth, this one makes its greatest appeal to the business woman of small means who has never succeeded in putting aside even that small sum that is necessary for the proverbial "rainy day." As a result, all over up-town New York women who have never saved a penny are being induced to practice the virtues of thrift.

The success of this department is due largely to the personality of the manager. Miss Sears has had years of experience in dealing with women and has just those qualities which make friends and win confidence. She never

fails to pass a word of greeting with the women that come into the bank and makes them feel that she is their friend not only in a cold business way but in the way that really counts.

Not long ago Miss Sears persuaded her bank to institute a prize essay contest, open to all women earning salaries in New York city. Mrs. J. Borden Harriman, Mrs. James L. Laidlaw and Mrs. Vincent Astor were the judges.



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MISS MARTHA C. SEARS

Business Adviser for Women, Bank of the United States, New York

The subject of the papers was "How I earn my salary and what my salary earns for me." The first prize was \$100, the second prize \$50, and the third prize \$25. The contest served two purposes. In the first place, it put Miss Sears in touch with a large number of women who ought to have bank accounts, and in the second place, it gave her a fine insight into the business problems of the woman who earns her own living. Both of these results were important and have been of the greatest value to her.

The paper that won first prize was written by Miss Edith M. Rohr. The latter found the chief reward in her

work in the feeling of confidence that her work is preparing against the exigencies of an unprovided-for old age.

A study of the papers submitted has convinced Miss Sears that the foreign born woman is far more thrifty than her American born sister. She says that when the latter opens a savings account she asks "When can I draw this out?" and the former demands "How much interest do you pay and how much can I put in?"

Under Miss Sears' able tutelage, however, the women who have accounts in her bank are fast learning the mysteries of personal finance. They are learning the folly of spending every last penny. They are learning how to distribute their expenditures so as to get the most for their money. They are learning the value of a checking account. They are learning the possibilities of investment. All these things are being taught them in a friendly, tactful way. They are finding that a bank can be a very human, personal institution.

Miss Sears, as a means of extending the work of the bank along these lines, is in close touch with women's clubs, the large department stores and other places where women are employed. She is constantly making new converts to the Thrift Idea and most of this is done through personal contact. The bank also distributes very attractive home safes to which it retains the key. When these are filled they are brought into the bank and the contents used for opening an account.

During the noon hour Miss Sears holds a regular reception in the bank. Whenever a depositor adds to her account, she generally tells Miss Sears about it, who never fails to encourage her to keep up the good work. Whenever they have to make a withdrawal they feel that they should apologize to her, so personal a matter has it become.

Other banks can well profit by the example of the Bank of the United States in this respect for the latter is not only doing a splendid constructive work but is building up a profitable department.

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



IMPORTANT essentials in the service offered by the modern bank are quality and comprehensiveness. We have maintained the first through our existence of more than a century. The second is secured through our foreign, trust and investment services, which supplement our regular commercial banking functions.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

Head Office: 20 Nassau Street

Capital, Surplus and Profits
\$25,000,000

Deposits, December 29, 1920
\$224,000,000

A Big Outstanding
Bank in this Section
of the United States

Capital and Surplus
\$33,000,000

The Union Trust
Company
Cleveland

In Which Are United

THE CITIZENS SAVINGS AND TRUST COMPANY
THE FIRST NATIONAL BANK
UNION COMMERCE NATIONAL BANK
THE FIRST TRUST AND SAVINGS COMPANY
THE BROADWAY SAVINGS AND TRUST COMPANY
THE WOODLAND AVENUE SAVINGS
AND TRUST COMPANY

Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Deposit in Two Names

Swedesboro National Bank v. Richman, New
Jersey Court of Chancery, 112
Atl. Rep. 595.

MONEY was deposited in a savings bank account in the name of "Hannah S. Richman or Ada R. Crispin." The money belonged to Mrs. Richman, and at the time of making the deposit it was her intention that in the event of her death the money should go to Mrs. Crispin. Both of the parties signed identification cards, and, under the rules of the bank, either party could have drawn checks against the deposit. Some years later Mrs. Richman had the account changed by having the cashier of the bank strike the name of Mrs. Crispin from the joint account on the ledger, and also from the pass-book.

Upon the death of Mrs. Richman, it was held that the gift had been revoked and that her administrator was entitled to the balance on deposit as against Mrs. Crispin, the survivor.

OPINION

Interpleader suit by the Swedesboro National Bank against John C. Richman, administrator of Hannah S. Richman, and Ada R. Crispin. Decree for defendant administrator.

BACKES, V. C.—This interpleader suit involves the ownership of a deposit in the Swedesboro National Bank standing in the name of Hannah S. Richman. The contestants are her administrator and Ada R. Crispin. The facts are undisputed. In 1910 Mrs. Richman deposited in the Swedesboro National Bank \$600. At her request it was entered on the books of the bank to the credit of "Hannah S. Richman or Ada R. Crispin." Both signed identification cards, and the bank delivered to Mrs. Richman a pass-book made out to "Han-

nah S. Richman or Ada R. Crispin." The money was Mrs. Richman's, and the proofs show that she made the deposit in the joint names with the intention that at her death it would go to Mrs. Crispin. Either could have checked out, the rules of the bank requiring the presentation and surrender of the pass-book, only, upon the closing out of the account. Mrs. Crispin made no effort in that direction, and Mrs. Richman made two withdrawals of accumulated interest. Mrs. Richman changed her mind as to the gift, and on October 22, 1914, changed the joint deposit to a personal account. This was done by the cashier striking the name of Ada R. Crispin from the joint account on the ledger of the bank, as well as on the pass-book, at Mrs. Richman's request. Upon her death the administrator and Mrs. Crispin claimed the money, and to protect itself the bank paid it into court.

Whether the joint deposit, had it remained untouched, would have been a valid and enforceable gift under the principle laid down in *New Jersey Title Guaranty & Trust Co. v. Archibald*, 90 N. J. Eq. 384, 107 Atl. 472, Id., 108 Atl. 434 (there was not here, as there, a contract with the bank as to survivorship), or invalid under the doctrine of *Stevenson v. Earl*, 65 N. J. Eq. 721, 55 Atl. 1091, 103 Am. St. Rep. 790, 1 Ann. Cas. 49, and the line of cases following the rule there laid down (void as a testamentary disposition) need not be considered or determined.

The ownership of the money was exclusively in Mrs. Richman, and the disposition of it, as she saw fit, was her privilege. Although Mrs. Crispin had it within her power to withdraw the fund, because of the form of the deposit, she had no title to the money, and, had she presumed to make withdrawals, they could have been recovered by Mrs. Richman. Mrs. Richman

had the right to revoke the gift, and this she did by withdrawing the fund. That she did as effectually, by having the name of Mrs. Crispin stricken from the account on the books of the bank, and on the pass-book, as if she had withdrawn the money by check and closed the account, and opened another in her own name. The method was one of bookkeeping of the bank. The power to change the contract with the bank, the subject of the gift, was vested solely with Mrs. Richman, and the form of the new account concerned her and the bank only. The new promise was to pay Mrs. Richman's order only, and that promise passed, upon her death, to her administrator, and the fund will be awarded to him.



Guaranty of Drafts not to Exceed Five Hundred Dollars

Peoples Savings Bank & Trust Company
v. Landstreet, Supreme Court of
Florida, 87 So. Rep. 227.

The plaintiff bank cashed a number of drafts in reliance upon a guaranty written by the defendant. The guaranty was in the form of a letter written to Albert C. Landstreet, and read as follows: "You will inform the Peoples Savings Bank of your city that I will honor your drafts on me, amount not to exceed five hundred dollars." After the plaintiff bank had cashed a number of drafts drawn by Landstreet, aggregating much more than \$500, the defendant suddenly declined to honor any further drafts and the bank brought suit against him for the amount of two drafts which it had cashed and which the defendant had refused to accept or pay.

The question presented was whether the guaranty should be construed to mean that the defendant would pay all drafts drawn by Landstreet, provided none of them exceeded \$500 in amount,

or whether it should be construed to mean that the defendant would pay drafts drawn by Landstreet until such time as the total of drafts cashed amounted to \$500.

It was held that the latter construction was the proper one and that the guaranty did not bind the defendant to honor drafts after a total of \$500 had been reached. The fact that he had honored some drafts after this limit had been passed was held not to have any bearing upon his liability.

OPINION

Action by the Peoples Savings Bank & Trust Co. against G. F. Landstreet. Judgment for defendant on demurrer, and plaintiff brings error. Affirmed.

WEST, J.—Suit was brought by plaintiff in error to recover the sum of two drafts drawn in its favor upon defendant in error, payment of which was refused. An amended declaration was demurred to, and the demurrer was sustained. Plaintiff in error declined to amend its declaration, whereupon judgment was entered by the court upon the demurrer in favor of defendant in error.

The several counts of the declaration are predicated upon the same transaction. The first count is typical, and states the case of plaintiff in error. We insert it here, omitting formal parts:

"First. That heretofore, to wit, on or about the 5th day of June, 1917, in consideration that the said plaintiff, at the special instance and request of said defendant, would advance and pay to one Albert C. Landstreet certain sums of money on certain drafts drawn by said Albert C. Landstreet on said G. F. Landstreet, the defendant promised that he, the said defendant, would in such event pay and honor all of such drafts of said Albert C. Landstreet drawn on him, as presented, if no such draft amounted to more than \$500; the said promise of the said defendant being in words and figures as follows:



Exact reproduction of front of gold medal, showing head of King George V



Exact reproduction of reverse side of gold medal, showing seal of the Royal Agricultural Society of England.

The Lincoln trials conducted by the Royal Agricultural Society of England are recognized throughout the world as the most thorough and exacting tests in power farming, lasting seven days and including every field and belt operation. The jury of experts was composed of engineers whose judgment is accepted as final throughout the globe. Their verdict awarded the gold medal and the World's Championship in the three-bottom class to the Wallis.

NOTICE: We want the public to know that the WALLIS TRACTOR is made by the J. I. CASE PLOW WORKS COMPANY of Racine, Wisconsin, and is NOT the product of any other company with "J. I. CASE" as part of its corporate name.

WALLIS

-more acres per hour

World-Wide Victory Important to Bankers

The recent winning of the Gold Medal of the Royal Agricultural Society of England and first prize in the three-bottom class by Wallis—America's Foremost Tractor—is of prime importance to bankers who daily appraise the economic capacity of farmer-clients.

Help the Farmer in His Decision

Bankers willingly loan money on an investment that is made to increase returns from a sound business. The Wallis Tractor bears this relation to the business of farming. Just as meritorious and sound investments are backed by requisite assets and managerial integrity, so is the Wallis Tractor backed by an unsurpassed inventory of cost-reducing, crop-increasing performance. Important, too, from the banker's standpoint, is the very high re-sale value of the Wallis.

The Wallis is the first tractor to develop a draw-bar pull greater than its own weight.

The Wallis has the greatest horse-power for its piston displacement of any successful tractor motor on the market. The Wallis, because of its light-weight construction, operates on softer ground with a minimum consumption of power to move itself. For three generations the builders of the Wallis Tractor have served the American farmer.

As a matter of farming information, you should know the Wallis Tractor, its enviable record of efficiency and the reputation of its makers. We will gladly send you literature for ready reference in your office library.

J. I. CASE PLOW WORKS COMPANY, Dept. A865, Racine, Wisconsin

" 'Miami, Florida, June 5—17.

" 'Mr. Albert C. Landstreet, Memphis, Tenn.—Dear Sir: You may inform the Peoples Savings Bank of your city that I will honor your drafts drawn on me, amount not to exceed five hundred dollars, if this will be of service to you.

" 'Yours,

" 'G. F. Landstreet.'

"And plaintiff says that thereafter divers and sundry drafts of various amounts were drawn by said Albert C. Landstreet on the said G. F. Landstreet for divers sums of money, aggregating far more than \$500, and that from time to time said sums were advanced by said plaintiff to the said Albert C. Landstreet, all of which were paid until, to wit, the 31st of October, 1917, when the said Albert C. Landstreet drew a certain draft on the said G. F. Landstreet for the sum of \$375 and did not present the same to this plaintiff, and the said plaintiff thereupon, relying on the said promises and undertakings of the defendant set out in the above writing, and confiding in the promises and agreements made by the said defendant, and being induced solely thereby, did pay over and deliver to said Albert C. Landstreet \$375, lawful money of the United States of America and of the value of \$375, and thereupon the said draft was duly and properly presented to the said G. F. Landstreet; but he, the said G. F. Landstreet, refused to honor said draft and refused to pay the same, and the amount now remains unpaid.

"Hence this suit, and plaintiff claims \$1,000."

One question only is presented for consideration. Counsel for plaintiff in error say in their brief that the pleadings have been so framed as to present the question of whether or not the paper writing referred to in the declaration is a continuing guaranty and whether the defendant in error, by accepting drafts from time to time in excess of the amount stated in this paper writing without objection, has estopped himself

from denying his liability, and counsel for defendant in error agree that the question presented is whether the instrument sued on is a continuing guaranty.

The contention is made that since, according to the allegations of the declaration, the drawee of the drafts himself construed the paper writing which is the basis of his alleged liability as a continuing warranty, as evidenced by his paying from time to time various drafts in excess of the amount stated, he should not now be permitted to take a contrary position, and in support of this contention the doctrine seems to be invoked that where the terms of a written agreement are in any respects uncertain or doubtful, and the parties thereto have by their conduct placed a construction upon it which is reasonable, such construction will be adopted by the court to give effect to the intention of the parties. *Holmes et al. v. Stearns Lumber & Export Co.*, 66 Fla. 259, 63 South. 449; *Mizel Live Stock Co. v. J. J. McCaskill Co.*, 59 Fla. 322, 51 South. 547; *Scotch Mfg. Co. v. Carr*, 53 Fla. 480, 43 South. 427; *Shouse, Adm'r, v. Doane*, 39 Fla. 95, 21 South. 807.

This rule, however, is applicable only in cases where there is doubt as to the meaning of the terms employed to express the agreement. If the meaning is clear and free from ambiguity, the contract will not be changed by an erroneous construction placed upon it by the parties thereto, and an erroneous construction by them will not prevent the court from giving the true construction. The province of the court is to give effect to the contract which the parties have made. 9 Cyc. 590; *A. & St. A. Ry. Co. v. Thomas et al.*, 60 Fla. 412, 53 South. 510; *St. Paul & D. R. Co. v. Blackmar*, 44 Minn. 314, 47 N. W. 172; *Holsten Salt & Plaster Co. v. Campbell et al.* 89 Va. 396, 16 S. E. 274; *Sternbergh et al. v. Brock et al.*, 225 Pa. 279, 74 Atl. 166, 24 L. R. A. (N. S.) 1078, 133 Am. St. Rep. 877. So that if the language employed in the agreement is free from ambiguity

effect will be given to such language, although it may result in placing a construction upon the instrument under consideration different in its effect from the practical construction which may have been placed upon it by the parties themselves.

If there is room for construction, the rule here is:

"That a liberal construction should be indulged to determine the intent of the parties, and that when that intent is discovered the guarantor is entitled to a strict construction in the working out of the intent." *Punta Gerda Bank v. State Bank of Ft. Meade*, 52 Fla. 399, 42 South. 846.

Several rules seem to have been formulated in other jurisdictions for testing the question of whether instruments similar in their purpose to the one under consideration constitute continuing obligations. These rules are stated and various authorities on the point assembled in a note to the New Jersey case of *Newcomb v. Kloeblen*, reported in 39 L. R. A. (N. S.) 724.

If we assume that this court is committed by the case of *Hawkins v. Mitchell*, 34 Fla. 405; 16 South. 311, to the rule that the words of a guaranty are to be taken as strongly against the guarantor as the sense will admit, it would not affect the holding in this case for the reason that the words of the instrument under consideration seem to us to be sufficiently clear and free from doubt in their meaning as to result in the conclusion that it was the purpose of the obligor to limit his liability under this obligation to the amount stated, and that it was not his intent to create a continuing guaranty of this amount to run for an indefinite period of time. The court below, therefore, rightly held that the declaration did not state a cause of action, and properly sustained the demurrer thereto.

The judgment will be affirmed.

WHITFIELD and ELLIS, JJ., concur.

BROWNE, C. J. (dissenting)—The opinion recognizes the doctrine that—

"Where the terms of a written agreement are in any respect uncertain or doubtful, and the parties thereto have by their conduct placed a construction upon it which is reasonable, such construction will be adopted by the court, upon the principle that it is the duty of the court to give effect to the intention of the parties."

The opinion, however, avoids the conclusion that this doctrine leads to the instant case, by stating that—

"This rule, however, is applicable only in cases where there is doubt as to the meaning of the terms employed to express the agreement if the meaning is clear and free from ambiguity."

Again the opinion says:

"If we assume that this court is committed by the case of *Hawkins v. Mitchell*, 34 Fla. 405, 16 South. Rep. 311, to the rule that the words of a guaranty are to be taken as strongly against the guarantor as the sense will admit, it would not affect the holding in this case for the reason that the words of the instrument under consideration seem to us to be sufficiently clear and free from doubt in their meaning as to result in the conclusion that it was the purpose of the obligor to limit his liability under this obligation to the amount stated, and that it was not his intent to create a continuing guaranty of this amount to run for an indefinite period of time."

The decision reached in this case is therefore predicated solely upon the finding that the words of the instrument under consideration are clear and free from doubt in their meaning.

Albert C. Landstreet was engaged in the automobile business in Memphis, Tenn., where the plaintiff's bank was located; he did his banking business with plaintiff's bank, and from time to time drew drafts on G. F. Landstreet in Miami, Fla., which the bank would cash and place the proceeds to the credit of his account. Finally the bank notified him that it would not accept for deposit, or advance any further sums on drafts drawn on G. F. Landstreet,

unless G. F. Landstreet would bind himself in writing to honor Albert C. Landstreet's drafts. Thereupon G. F. Landstreet wrote the letter, which was delivered to the bank, that is the basis of this suit.

What was the purpose of this letter? Was it not to continue the course of dealing that Albert C. Landstreet had been having with the bank up to the time the bank required some guaranty from G. F. Landstreet that he would pay Albert C. Landstreet's drafts?

There is a very full discussion of guaranties in *Crist v. Burlingame*, 62 Barb. (N. Y.) 351, where the leading authorities are cited, and there is no need for me to pad this opinion with them. I will indulge only in one citation from Mr. Justice Story:

"If the language be ambiguous, and admits of two fair interpretations, and the guarantee has advanced his money on the faith of the interpretation most favorable to his rights, that interpretation will prevail in his favor, for it does not lie in the mouth of the guarantor to say that he may, without peril, scatter ambiguous words by which the other party is misled to his injury."

The Standard Dictionary defines ambiguous as:

"The quality of being ambiguous, obscure, or uncertain in meaning, especially where either of two interpretations is possible."

Ambiguous is defined as:

"Capable of being understood in more senses than one."

The letter guaranteeing payment of the drafts is in these words:

"Miami, Florida, June 5—17.

"Mr. Albert C. Landstreet, Memphis, Tenn.—Dear Sir: You may inform the Peoples Savings Bank of your city that I will honor your drafts drawn on me, amount not to exceed five hundred dollars, if this will be of service to you.

"Yours,
"G. F. Landstreet."

I think it possible to place either of two interpretations upon this guaranty:

(1) That the guarantor would pay all "drafts" provided none exceeded \$500;

(2) That he would pay all drafts, until such time as they aggregated \$500.

The first interpretation was placed upon the letter by Albert C. Landstreet who drew drafts the aggregate amount of which far exceeded \$500. The bank officials who cashed the drafts placed the same interpretation upon it, and cashed drafts aggregating far more than \$500.

Banks do not give up their funds lightly or easily. No other class of persons probably have as much experience in interpreting written instruments of this character as bankers. It is hardly conceivable that a bank would part with sums of money aggregating far more than the amount it was authorized to pay, if the written instrument clearly and unambiguously limited the drawer to a lesser amount.

The writer of this dissent places the same interpretation on the guaranty as was placed on it by Albert C. Landstreet and the bank officials.

An emphatic difference of opinion between persons supposedly equally capable of construing written documents, and with equal knowledge of good English, as to what written words mean, would seem to establish an ambiguity.

An ambiguity is not removed by dogmatic assertions that an instrument is clear and unambiguous, for the judicial mind often sees two sides to a question, where but one can be seen by the advocate.

I do not contend that the letter under consideration is capable only of the interpretation that I place upon it, but yield to my brothers that it is capable of their interpretation also. They, however, will not concede that it is capable of the interpretation that I place upon it, or that "either of two interpretations is possible."

If, as I contend, the letter is ambiguous, we may look to the interpretation

placed on it by all the parties to the transaction.

Albert C. Landstreet, to whom the letter was addressed, construed it as a continuing guaranty, and drew drafts on his brother for amounts aggregating far more than \$500. The bank construed it as a continuing guaranty, and paid drafts drawn by Albert C. Landstreet on his brother for sums aggregating far more than \$500, and G. F. Landstreet, the guarantor, paid "divers and sundry drafts of various amounts" "for divers sums of money aggregating far more than \$500" through a period extending from June 5 to October 31, 1917.

In paying the drafts through so long a period, and after the aggregate amount far exceeded \$500, he clearly indicated to the bank that the limitation as to the "amount" related to any one draft, and not the aggregate amount of all drafts. Thus he placed his own construction on the language he used in his guaranty, and it is the same interpretation that all the parties concerned placed upon it.

The fact that he paid drafts running through a period of nearly five months demonstrates that he intended it to be a continuing guaranty.

I am forced to the conclusion that the only limitation to his guaranty was that no one draft should exceed \$500.

With this construction placed on the guaranty, it is my judgment that the declaration stated a cause of action, and the demurrer should have been overruled, and the judgment reversed.

TAYLOR, J., concurs herein.



Drawer Responsible in Mailing Check to Wrong Person

Slattery & Co. v. National City Bank, Municipal Court of New York, 186 N. Y. Supp. 679.

The plaintiff, a brokerage concern, had two customers by the name of H. E. Richards, one in Texas and one in

Oklahoma. A check, which the plaintiff drew on its bank in New York City, payable to the order of H. E. Richards, and intended for the Richards in Oklahoma, was mailed by mistake to the Richards in Texas.

This party had the check cashed by a bank in Texas, which forwarded it to the defendant bank, its New York correspondent. The defendant collected the check and sent the proceeds to the Texas bank. When the fraud was discovered, the Richards in Oklahoma, the real payee, assigned his rights in the matter to the plaintiff and the plaintiff brought suit for the amount of the check against the defendant bank.

It was held that the plaintiff was not entitled to recover. Under the circumstances, the indorsement by the Richards in Texas was not a forgery, and even if it had been a forgery, the court pointed out that the loss was due to the plaintiff's negligence in mailing the check to the wrong person, and held that the plaintiff was estopped by its negligence from holding the bank liable.

OPINION

Action by Slattery & Co. against the National City Bank of New York. Controversy submitted on agreed statement of facts. Judgment for defendant.

GENUNG, J.—This is an action for the sum of \$167.46, with interest from October 27, 1919, brought by the plaintiff for the alleged conversion by defendant of a check and the proceeds thereof, drawn by the plaintiff on the Seaboard National Bank of New York, numbered 8862, dated October 26, 1919, and payable to the order of Harold E. Richards. Plaintiff is a brokerage firm and dealer in investment securities. Some months prior to the issuance of the check, the plaintiff had on its books two accounts, one in the name of H. E. Richards, Rockdale, Tex., and the other in the name of Harold E. Richards, Bartlesville, Okla. In April, 1919, the plaintiff closed its account with the said H. E. Richards, Rockdale, Tex., and sent him a \$50 Liberty bond and a check

for the sum of \$54.74, together with a statement showing that his account was closed. In October, 1919, the account with the said Harold E. Richards, Bartlesville, Okla., was open, and at that time there was sold for the account of the said Harold E. Richards, Bartlesville, Okla., a certain quantity of securities, and a check for \$167.64, dated October 26, 1919, numbered 8862, payable to Harold E. Richards, was drawn on the Seaboard National Bank of New York.

By mistake the check was forwarded to H. E. Richards, Rockdale, Tex., instead of being forwarded to Harold E. Richards, Bartlesville, Okla. Inclosed with the check was a statement showing the transaction out of which the account arose. Upon receipt of the check, Harold E. Richards, Rockdale, Tex., indorsed the check, and secured the indorsement of J. R. Breen, who was known to the officers of the Taylor National Bank, Taylor Tex., and had the check cashed by the Taylor National Bank, who delivered the proceeds thereof to Harold E. Richards, believing him to be the proper payee of the check. The check then was sent to the National City Bank, the defendant herein, by its correspondent, the Taylor National Bank, and the National City Bank collected the proceeds thereof from the Seaboard National Bank and transmitted the same to the Taylor National Bank. The National City Bank undoubtedly believed, as did the Taylor National Bank, that the indorsement of Harold E. Richards was the indorsement of the proper payee of the check. Harold E. Richards, Bartlesville, Okla., never received the proceeds of the check, and prior to the commencement of the action assigned to the plaintiff herein any claim which he might have by reason of the issuance of the check or of any of the facts above stated.

The plaintiff claims that the indorsement made by Harold E. Richards, Rockdale, Tex., with the knowledge that he had no right to the check or the proceeds thereof, was a forged indorsement, although this knowledge was not com-

municated to the Taylor National Bank, and claims the forged indorsement gave to the defendant no right to present this check to the Seaboard National Bank, or to retain or dispose of the proceeds.

If this indorsement was a forged indorsement, it is well settled that no title passed by the forged indorsement (Negotiable Instruments Law [Consol. Laws, c. 38] § 42), and, further, the bank or person making the payment on the forged instrument did so at its peril (*Seaboard National Bank v. Bank of America*, 193 N. Y. 26, 85 N. E. 829, 22 L. R. A. [N. S.] 499), and the defendant obtained no title to the check and the proceeds thereof belonged to the payee whose indorsement had been forged (*Stein v. Empire Trust Co.*, 148 App. Div. 850, 133 N. Y. Supp. 517), and the defendant, having collected the amount of the check with the forged indorsement of the payee thereon, is not entitled to retain the proceeds as against the payee (*Standard Steam Specialty Co. v. Corn Exchange Bank*, 84 Misc. Rep. 445, 146 N. Y. Supp. 181). The plaintiff claims the diversion by the defendant, under these circumstances, of the proceeds of the check from the proper payee and payment thereof to the Taylor National Bank, constituted a conversion, and gave the plaintiff a right of action for damages to the face amount of the check. *Graves v. American Exchange Bank*, 17 N. Y. 205; *Mead v. Young*, 4 T. R. 28; *Seaboard National Bank v. Bank of America*, 193 N. Y. 26, 85 N. E. 829, 22 L. R. A. (N. S.) 499.

The defendant claims that the plaintiff, as the assignee of Harold E. Richards, Bartlesville, Okla., has no interest in the check. It is well settled that, to support an action for conversion, the plaintiff must have some title or interest in the property alleged to have been converted. Title to a check passes by indorsement and delivery, or, if the check is payable to bearer, by delivery alone. It appears that the plaintiff's assignor, the alleged proper payee, received nothing, since instead of being delivered to him the check was delivered

to a third person, and consequently Harold E. Richards, Bartlesville, Okla., acquired no title or interest in the check. If this be so, the plaintiff's assignor had no right of action against the defendant for conversion.

The defendant further claims there was no forgery in the indorsement of the check by Harold E. Richards, Rockdale, Tex., to whom the check was sent by the plaintiff. Undoubtedly he knew, when he received the check, that a mistake had been made and that the plaintiff might make claim thereafter for the proceeds thereof; but that does not alter the fact that the plaintiff actually made and delivered the check to him as payee, and that he could give a good title to it by indorsement to a bona fide purchaser for value and without notice. The only ground for claiming that the plaintiff's assignor was the payee of the check was that it was drawn by the plaintiff to be forwarded to him in payment of certain securities, which had been sold for his account by the plaintiff.

The plaintiff's original purpose in drawing the check, however, is of no importance, when it actually delivered the check to a third person, who was also named in the check as payee. The intent to make the check payable to Harold E. Richards, Bartlesville, Okla., was superseded and blotted out by the actual delivery of the check to Harold E. Richards, Rockdale, Tex. *Weisberger Co. v. Barberton Savings Bank*, 84 Ohio St. 21, 95 N. E. 379, 34 L. R. A. (N. S.) 1101; *Heavey v. Commercial National Bank*, 27 Utah, 222, 75 Pac. 727, 101 Am. St. Rep. 966.

In *Weisberger Co. v. Barberton Savings Bank*, the plaintiff drew a check to the order of Max Roth, who did business as the plaintiff knew at 48 Walker Street, New York, but by mistake mailed the check to Max Roth, 48 Walker Street, Cleveland, Ohio. When the letter carrier found no one by that name on Walker Street, he found one Max Roth on Henry Street, and gave him the letter. He indorsed the check, transferred it for cash to another, who

collected from the drawee bank. In an action by the plaintiff against the drawee bank, the court held the plaintiff could not recover. In *Heavey v. Commercial National Bank*, a bank by postal card, mistakenly, informed the wrong person, but of the same name, that money had been deposited to his credit in the bank. This person wrote to the bank for a draft, which the bank sent to him, and which he indorsed to a holder in due course, and the court held that he had a good title.

It is well settled in this state that, when a check is delivered to one person, even though the person delivering it believes him to be some one entirely different, the delivery is sufficient to enable the person receiving it to pass an indefeasible title to a bona fide purchaser. *First National Bank v. American Exch. Nat. Bank*, 49 App. Div. 349, 63 N. Y. Supp. 58, affirmed, 170 N. Y. 88, 62 N. E. 1089; *Sherman v. Corn Exchange Bank*, 91 App. Div. 84, 86 N. Y. Supp. 871; *Hartford v. Greenwich Bank*, 157 App. Div. 448, 142 N. Y. Supp. 387. Under these decisions, when the plaintiff delivered the check to Harold E. Richards, Rockdale, Tex., the fact that it believed that he was the person to whom it was indebted was immaterial. Since there was a delivery to Harold E. Richards, Rockdale, Tex., even though the plaintiff in making the delivery labored under a misapprehension, it is clear that the said Richards could pass a good title to a bona fide purchaser. *Salen v. Bank of the State of New York*, 110 App. Div. 636, 97 N. Y. Supp. 361; *Cluett v. Couture*, 140 App. Div. 830, 125 N. Y. Supp. 813.

In addition to the foregoing, the defendant claims that the plaintiff is estopped, even if it were held that the indorsement in question was a forged indorsement, from asserting that fact. The plaintiff actually delivered the check to a man having the same name as the plaintiff's assignor, the alleged proper payee. The result was clearly to be foreseen, and the negligence of the plaintiff, or its agent, is a proximate

cause of the loss. It is well settled that estoppel is a valid defense to an action resting on a forgery. *Hefner v. Dawson*, 63 Ill. 403, 14 Am. Rep. 123; *Kuriger v. Joest*, 22 Ind. App. 633, 52 N. E. 764, 54 N. E. 414; *Corwith First State Bank v. Williams*, 143 Iowa, 177, 121 N. W. 702, 23 L. R. A. (N. S.) 1234 136 Am. St. Rep. 759; *Casco Bank v. Keene*, 53 Me. 103; *Gluckman v. Darling*, 85 N. J. Law, 457, 89 Atl. 1016; *Blodgett v. Webster*, 24 N. H. 91; *Cohen v. Teller*, 93 Pa. 123;

Murphy v. Estate of Skinner, 160 Wis. 554, 152 N. W. 172, Ann. Cas. 1917A, 817; *National Bank of Commerce v. First National Bank*, 51 Ok. 787, 152 Pac. 596, L. R. A. 1916E, 537.

As between the plaintiff and the defendant herein, it is clear that the plaintiff, through whose fault the loss occurred, rather than the defendant, who parted with money in absolute good faith, should bear the loss. The defendant is entitled to judgment.

Judgment for defendant.



The Permanent Solution of the Credit Situation

Possibilities of the Treasury's Savings Movement as a Factor in Developing Sources of New Capital

By B. M. Grant

Manager Government Loan Organization, Second Federal Reserve District

IT seems hardly necessary to point out to bankers the desirability of encouraging the rank and file of America to assume a larger share of the responsibility of providing working capital to run the world's business, nor is it necessary to indicate the measureless possibilities which such a nation-wide movement holds.

The condition of world finances demands that new classes of investors be developed. Large investors may be left to themselves but it is essential that small investors be encouraged. The fact is that America has scarcely begun to show the world what she can accomplish through a well balanced program of industry, thrift, saving and investment. The whole people must co-operate with vigorous determination to accumulate capital. Wage earners can save and invest large sums of money in the aggregate—the success of the Lib-

erty Loan campaigns demonstrated this. Thirty million workers saving an extra dollar a week for three years would release an additional \$5,000,000,000 for productive enterprises. A properly organized effort, actively supported by bankers, business men and workers, could make this a continuing reality.

It is doubtful if the capacity of the American people to save and invest has ever been carefully appraised. A few figures in this connection are significant. Of the \$65,000,000,000 estimated annual aggregate income of our people, probably \$55,000,000,000 is paid over by employers each year direct to their employees. The Comptroller of the Currency recently declared that "the income of the people of the United States in excess of ordinary living expenses probably amounts to \$10,000,000,000 per annum." In this connection it is worth noting that for the year

1919 the American people paid taxes on \$22,000,000,000 worth of articles classed by the revenue act as luxuries. Our national interests would have been better served had a portion of this outlay been reserved as productive capital.

LOANABLE FUNDS INADEQUATE

At a time like this, when the supply of loanable funds is highly inadequate to meet the increasing demand, it is extremely important that bankers exert themselves to the utmost toward the stimulation of saving. A shortage of capital is manifest on every hand. As one evidence it may be noted that money rates are the highest in forty-eight years. Business men will appreciate their responsibility in this matter when they realize the direct relationship between the accumulation of savings and the limits of credit expansion. Just as credit is based upon available funds, capital in turn can come only from savings. There can be no mistake therefore about the urgency of drawing every idle and hoarded dollar, and all potential savings, as rapidly as possible into financial channels. Gathered into the banks and the National Treasury this money forms the basis of credit. It has been estimated that the idle and hoarded money alone in America may run into ten figures. Bankers and business men can render the country as well as themselves invaluable assistance by co-operating in an effort to draw these funds into circulation.

Many people do not know that their savings can exert an important influence upon the economic life of the nation. They are scarcely aware that their savings furnish part of the capital and credit to carry on the enterprises which give them their living. Little do they understand that the savings banks are one of the channels through which they indirectly provide capital to develop our great railroad systems, to finance building operations and municipal undertakings; that the commercial banks are a medium through which the funds deposited by the many are made

available for productive purposes; that investment bankers are a channel through which capital goes to finance huge corporate enterprise.

There is nothing more inspiring than the optimism of a man awakening for the first time to the illimitable economic possibilities of an America turned a nation of savers. A vision of boundless growth and prosperity unfolds before him. He sees a nation of thrifty and industrious workers speedily recovering the blessings of prosperity. Fortunately for America and for the world such a dream is not impossible of realization. While thrift alone is not sufficient to lead America into the sunlight of prosperity, it is the one great constructive force now required throughout the world. True, thrifty living by itself cannot guarantee the speedy return of better conditions, though naturally enough bankers were the first to recognize after the storm of war had subsided that without real economy in every household the future was none too promising.

Far-seeing business men believe they have caught a glimpse of the dawn of a new prosperity reared on the solid foundation of a more efficient use of capital. Out of this will come new opportunities as well as larger responsibilities for bankers, for they, as always, will be expected to play the leading part in the growth and development of a still greater industrial commonwealth. They stand at the helm of the economic ship of state and of them much is expected by the nation.

BANKS AS INFORMATION BUREAUS

The banker's field of operation is expanding and with this it is becoming increasingly important that banks take the initiative in giving the rank and file a clearer conception of simple economic and financial truths. Many institutions have become active centers from which important financial information is diffused as an aid both to the individual and in a larger way to the entire community.

It is truly amazing what confused,

ill-conceived ideas the average American has regarding some of the outstanding financial and economic facts confronting the world and, quite obviously therefore, affecting his own fortunes. Banks can serve the country's interests and their own by keeping before their respective communities such facts as the size of our national debt of \$24,000,000,000 which remains to be paid. They can interpret for their sections the effect upon the world production of the loss of nearly 13,000,000 men killed in the war. They can explain that the great war cost the world probably \$300,000,000,000 and that this is equivalent to the total wealth of America; also that the capital thus destroyed must be restored through a long process of accumulating savings; and that the world can regain its prosperity only through hard work and thrift.

World reconstruction, business revival, the "new prosperity" will be accelerated in proportion as all the people co-operate toward this end. Permanent results will best be accomplished through the accumulation of capital. In order that every one may have an effective part in this work of reconstruction, it is important that every intelligent man and woman understand exactly what the situation requires.

Our people must know, as bankers and business men know, that the present demand for capital is unprecedented. Following are a few figures which may well be kept in mind in connection with current requirements:

\$6,000,000,000 needed for construction of factories, homes, schools, etc.

\$6,000,000,000 needed for the complete rehabilitation of railroads (one-third of this construction should be undertaken in the near future).

\$2,000,000,000 needed for public utilities to permit community development, especially in outlying city sections.

\$1,500,000,000 needed for highway construction.

Such figures are amply suggestive. It is well also to remember that bil-

lions of foreign capital invested in this country before the war have since been withdrawn. Not only this but something like \$13,000,000,000 have been advanced to Europe in the form of government and private loans.

In the face of such a situation it is of consequence that the whole nation understand the basic facts as far as that can be brought about. This is in a sense a responsibility, but at the same time an unprecedented opportunity for the banks.

One of the functions of bankers is to maintain substantial equilibrium between funds loaned or invested on the one hand and the supply of money held on deposit, on the other. A proper balancing of loans with deposits, of credits with savings and investments, is necessary to insure healthy financial conditions. It is coming to be nearly as important a function of banks to stimulate the development of capital as to take charge of the loaning of such capital. Without the one, the other is impossible; they are in a sense two aspects of a single operation. The main question is how best to accumulate funds.

AMERICANS ARE SPENDTHRIFTS

Inherently the average American is a spendthrift. He thoroughly enjoys spending. In order to save he finds it necessary to resist fascinating appeals from without and strong promptings from within. Twentieth century salesmanship often leads him to mistake the the object of his desire for one of life's basic necessities. So he frequently obeys the impulse, buys the unnecessary, perhaps useless, thing and then realizes that another opportunity to provide for the future has slipped by.

This is probably a fair description of the way Mr. American and one hundred million of his brothers and sisters conducted their affairs during most of 1919 and 1920. Many of them know now that this performance was loosening the props that upheld an economic structure already in danger of toppling under its own weight. The time has come when the people of America know the need for economy; in a great many

cases they have learned this from recent personal experiences.

Viewing the situation from the standpoint of developing new sources of capital it seems therefore that this is an opportune moment to drive the "savings idea" home to the individual. The man out of work now realizes the value of a fund saved for emergencies and when he again returns to work he will be grateful for an opportunity of safely investing some of his earnings. Even the worker who is not out of employment takes a lesson in thrift from the regrettable condition of many of those who were until lately his co-workers in industry.

Different countries have developed different methods to facilitate the investment of savings. Among the necessary elements of any successful plan are these: the method must be easy to understand, must require the least amount of effort on the part of the saver, must have his complete confidence and must afford the highest degree of protection. In America the present tendency is in the direction of a system in which the employee receives the co-operation of his employer. There need, however, be nothing paternalistic about such a plan. The employee voluntarily requests the management to withhold a stated amount from his wages each pay day, the money to be invested as directed. This plan, which is advocated by the United States Treasury Department in connection with the sale of Treasury Savings securities, is receiving the hearty co-operation of employers throughout the country. The employer may either invest the savings of his workers in \$5 War Savings Stamps or have the paymaster substitute the new \$1 Treasury Savings Stamps in the pay envelope in place of the money withheld. An important advantage of the Treasury's plan is that it is adaptable to any organization, regardless of how large or how small, anywhere in the United States and it requires a minimum of effort on the part of the employer and the employee.

REDUCING TREASURY BANK BORROWINGS

An authority on financial matters commenting recently on the importance of the success of what he termed the Treasury's "latest drive to gather small amounts of capital into the Treasury in return for Savings Certificates or for the small units—Thrift Stamps and Savings Stamps," made the following observation:

"Every dollar invested in these securities reduces the need for Treasury borrowings from the banks on tax or loan certificates or is deducted from the tax bill. Inasmuch as the general loan rate is regulated to a great extent by the government's requirements and the price it must pay to have those requirements filled, and again, inasmuch as the recovery in investment security prices is regulated by the general price of money the relation between the employment of idle money and the bond market is readily appreciated. The importance of the government's thrift campaign may be realized when it is recalled that small investments in Treasury saving securities between July 1, 1917, and January 31, 1920, totalled \$1,178,511,000. This amount is just about half as large as the floating debt represented by Treasury certificates."

Banks and bankers have it within their power to assist employers, both large and small, in every community to give their employees the advantage of this sound method of saving. Employers like to know that they may obtain the desired quantity of small savings securities from their bank from week to week. It requires but little effort on the part of the bank and is regarded as a real act of service by the employer. For instance, in making up the customer's payroll, it is no trouble to the bank teller to substitute 300 one-dollar stamps for the same amount of dollar bills.

Bankers who take the trouble to ascertain the motives prompting the opening of new accounts are often surprised to learn what a large proportion of their new depositors have acted on

an impulse imparted by the Treasury's Savings activities in connection with the sale of Liberty Bonds and Treasury Savings securities. Following an intensive savings campaign recently carried on in a highly industrialized section of New York City, we were told by the president of the savings bank situated in that vicinity that as a direct result of the work done by the representative of the Treasury Department, 700 new savings accounts had been opened in his bank within 48 hours.

A prominent banker of wide industrial interests in one of our largest industrial centers recently expressed his judgment of the value of the savings movement as follows:

"There is no more important service that can be rendered, no purpose more worthy, than to aid in the present movement of the Savings Division of the U. S. Treasury Department, and to assist in every possible manner in the instilling of the principle of thrift into the people of our great country, so that they may thereby share in the prosperity that is in store for all who are prudent."

Many banks believe it is an important asset to have it known that they are co-operating directly in the sale of Treasury Savings securities. A letter recently received from an important national bank in a large city contained the following:

"We would appreciate your sending

to this bank any printed or advertising matter which you have for distribution at this time. This bank is going to make a special effort in the sale of these securities, as we believe it is a proper time to instill the ideas of thrift and saving, and because we believe it is also a good move for the bank to allow it to be known generally in the neighborhood where it is located that it has these savings securities for sale. We will also devote some of our newspaper advertising space to making it known that we are agents of the government in the sale of these securities."

America could have no greater inspiration to save than to behold the wealth which six or seven generations have accumulated within her borders. Our huge investments in transportation systems, public utilities, roads and waterways, our great industrial and commercial enterprises, all are but forms of accumulated capital—the combined savings of corporations and individuals. Because of these we are encouraged to believe that what our fathers and forefathers in their day accomplished through thrift can be repeated especially during the aftermath of world catastrophe. To the solution of this problem of inspiring the rank and file of America to save and invest a larger part of their earnings, it is of course to be expected that bankers will continue to bring the stimulus of sound, energetic leadership.



THE people generally must become more interested in saving the Government's money than in spending it. A thoroughgoing national budget system must be established, and the Government's expenses brought into relation to its income.—

A. W. MELLON, *Secretary of the Treasury*

The Bank Credit Investigator

By Russell F. Prudden

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This is the first of a series of articles by Mr. Prudden covering this important subject.—*The Editor.*

THE work of a bank, it has been aptly said, may be divided into three parts, namely—obtaining money on deposit, putting it out at work, and watching it while working. Every bank no matter how large or how small, has these functions although they may be more or less divided and apparently concealed in many ways. Any one who has had banking experience either as a depositor or employee, has a general knowledge of the first two operations and for that reason we shall confine our remarks to the work of a bank's credit department, which has to do with the third function, that of watching the bank's money while it is working.

Practically every commercial bank, regardless of size, has a credit department. This department may not be known by such a name and in the case of the smaller banks, the credit department may be represented by the cashier who has a multitude of other duties to perform as well. Nevertheless no bank can operate to the best advantage without complete credit information, at least on its own customers. As one well-known bank president recently stated: "The success or failure of a bank depends on how it selects its risks."

In the smaller communities, of course, the gathering of credit information is not of a very complex nature. The cashier of the small bank knows practically everyone of importance in the town and what is more, he usually knows all about their habits and business in general. He can tell from his daily observations whether his customers are living beyond their means and whether or not they are worthy of bank credit. Such a cashier also knows many of the people living in the adjacent rural districts and on farms, and know-

ing the values of the property and crops he can pretty accurately size up the net worth of such individuals. When we come to the larger cities, however, there is a different aspect to the subject, and bankers in the principal business centers of the country cannot hope to know personally more than a very small percentage of the population. Also, many of the people he does know may not happen to be customers of his bank. For this reason an up-to-date credit department with all its means and methods of collecting and filing credit information becomes a necessity.

Twenty-five years ago even the largest banks were only beginning to realize the importance of a credit department, so this work has been developed in its entirety within a comparatively short time. In former days the city bank officer's mind took the place of the present credit file and that mind was filled with a great multitude of details regarding a thousand and one customers. We now know that an unfailing memory cannot be compared with a good credit file; that is, when the information is properly recorded.

Some bankers may say that the maintenance of a credit department is very expensive and not worth the money and effort involved. These men however fail to take into consideration the fact that in all lines of business there are certain departments which can not be classed as money makers, yet without them the actual money making departments would be unable to function. In any commercial house, for example, the sales department is usually the one which brings in business and keeps the concern alive but nevertheless no one will deny but what cost and accounting systems are very necessary. A good salesman may often receive a larger salary than an accountant yet both are essential to a business, and a complete

well-balanced organization with all its many departments is what tends toward success.

So in banking, while the officers direct the affairs of the bank, introduce new business and plan for its future, a smooth working organization is necessary to assist them. Nothing is more important in this organization than an up-to-date credit department ever ready to aid by having complete and accurate information on hand regarding any proposition in question. It is comparatively easy for a bank officer to make a loan or to turn down one, but what is difficult for him is to make the right loan, by which we mean lend the right amount to the proper individual and be satisfied that the money will be paid when due. Any means of ascertaining the correct facts in connection with the standing of a client, or the condition of a certain line of business, is an economy not to be ignored by the most thrifty banker. He must always bear in mind that the great share of the money he is loaning belongs to the depositors and not to the bank, and while there is always a risk involved this risk must be so minimized as to make the percentage of loss but a nominal one. Should there be no loss the bank would evidently be operating on such a conservative basis as to retard its growth.

There are several important services which a credit department can render its own institution as well as the bank's clients and we shall therefore discuss these briefly so that we may have a better idea of the department's scope and activities.

Probably the most important function is to keep the officers informed of the business standing, financial reputation and moral responsibility of the bank's borrowing customers. This information is gathered by periodical revisions which cover bank and trade checkings and comparison of figures. The result of the revision should indicate whether lines of credit should be continued, increased, decreased or in certain cases, discontinued altogether. Weaknesses are frequently disclosed, such as decrease in profits, over-buying of mer-

chandise or unduly large plant expansion and it may often happen that a thorough and confidential review of the situation by the customer and his bank will avoid trouble. During ordinary times revisions are usually made once a year, but changing conditions often make necessary a closer supervision.

The second important function of the credit department is to investigate the standing and moral worth of prospective customers. Bank officials differ as to the time when such an investigation should begin, some maintaining that it should not be made until the account is opened and others insisting that a preliminary investigation should be made before the account is solicited. The last method is believed to be the one most generally in use especially by the larger banks. While there is considerable competition for new accounts most banks desire to maintain a certain standard, and it would be awkward, to say the least, to accept an account which was later found to be undesirable. Also, it must be remembered that most commercial houses maintain banking connections to a great extent for borrowing purposes, and where a new account is accepted there is often somewhat of a moral obligation to loan money when requested and especially if satisfactory balances have been maintained. Hence it would be unwise to solicit or accept a commercial account which would not be satisfactory from a borrowing standpoint sometime later.

Thirdly, the credit department can be of great service to correspondent banks which make inquiries on commercial paper and miscellaneous names. One of a bank's most important sources of revenue, especially a city bank, comes from the use of balances carried by out of town bankers. These accounts are very desirable as many of them borrow but occasionally and then upon a secured basis. The correspondent banks appreciate good service and have the right to expect it, and it is here that the credit department proves itself especially valuable. The result of the investigation made on commercial paper names for the correspondent bank is

likewise of benefit to the bank itself, for there are seasons when there are available surplus funds and the purchase of good commercial paper very desirable. However, a bank can not hope to have a complete up-to-the-minute folder on every note in the market and the credit manager must be familiar with these names, and aside from direct requests know which folders should be fairly often revised. If some discrimination were not made and the work limited the expenses of the department would be excessive.

A commercial bank, as the designation implies, has the accounts of manufacturers, jobbers and wholesalers, all of which are realizing as never before the value of their bank's credit departments. Through such departments they can check prospective accounts learning business and trade conditions and obtaining prevailing opinions, and in fact obtain and exchange all kinds of information. The banks in turn obtain valuable data and opinions by consulting with the commercial credit men.

A few years ago one would have hardly believed that the larger banks of this country would some day be employing a large number of young men to investigate the standing of customers and other concerns, yet today there is probably not a city bank of any size which does not use the services of one or more young men for this very purpose. In fact, there are great opportunities for gaining financial knowledge and for general advancement by entering this side of banking. One might ask whether there are not opportunities in all branches of banking as there have been heretofore. Surely there are, but the banker of this generation realizes as never before that the banking business embraces something more than a knowledge of reserves, circulation, and the many technicalities of the business itself. During the past few years the competition for new accounts has been very noticeable and the element of service is one of the biggest factors in building up or making a bank.

The great majority of a bank's customers are business men and ones who

have often had years of experience in their particular lines of work. These men come to their bankers for advice, information, financial guidance and more often to borrow money. They are not interested particularly in the internal workings of the bank except as they affect their own affairs. The banker must therefore have a broad knowledge of all lines of business and be posted as to present conditions and the outlook for the future. He must be able to converse intelligently with the meat packer, help him with his problems, and then turn to the silk manufacturer, the cotton broker, the exporter, and so on as the case may be. Should he merely be able to tell his clients of the details of a bank statement, the workings of the Federal Reserve System, or discuss only banking subjects, he would probably not be favored with their presence on other occasions.

To illustrate this point more clearly a story recently told by a New York bank credit manager may be apropos. It seems that one of the bank's customers had applied for additional credit but before granting this, the credit manager with one of the bank officers decided to call upon the client. The officer was one of the older generation and had been brought up in the bank from boyhood and had studied little but banking in all of its details. During the conversation the credit manager asked the customer for his latest statement, and when told that due to rush of business, inability to complete inventory and other reasons the statement was not as yet ready, the bank officer threw up his hands in horror and exclaimed "What, don't you balance your books every night?" While this story may seem a little far-fetched, it is said to be true and well exemplifies the fact that business houses are not run on exactly the same basis as banks and that the successful banker is one who can meet his customer more than half way.

With this idea in mind it is not difficult to understand why the bank clerks of this generation are desirous of entering the credit department and becoming credit investigators. In no other de-

partment can they obtain the broad all round knowledge of commerce and industry so vitally linked with the banking business.

The bank credit investigator is an aide to the credit manager or credit officer and is the one who determines the true facts in connection with the standing of a customer or a prospective one or gathers data regarding the condition of a particular line of business. As stated before it has only been in recent years that the importance of the investigator's place in the banking profession has become so universally recognized. Formerly the banks waited for information to come to them, but now they go after the information without waiting.

In order to show more concretely the importance of this work a compilation of the number of people engaged in credit work in twenty representative New York City banks with resources ranging from \$25,000,000 to \$1,000,000,000 was made a short time ago. It was found that these banks had total employees of 16,395 of which 1,398 were officers and department heads leaving 14,997 bank clerical employees. Of this number 1,118 were actively engaged in credit work. The subdivision of this figure showed that 241 of the credit employees were investigators, 201 were inside credit men whose duties were to give out credit information to other banks and write credit letters, and the remainder, 676 were stenographers and clerks. The total gross deposits and resources of these twenty banks at the time were \$4,289,812,347 and \$5,873,975,427 respectively, while those of all New York national and state banks and trust companies were \$6,139,306,575 and \$8,069,022,840. It therefore appears evident that the number of people actively and directly engaged in bank credit work in New York City *alone* is considerably in excess of the number mentioned.

In analyzing figures such as the foregoing, however, it must be borne in mind that there are various types of banks. Some banks have many commercial accounts which necessitate extensive

investigation while other banks have large personal or trust fund accounts which call for little investigation. Figures which have been compiled reveal that one bank having resources in the neighborhood of \$300,000,000 has over thirty investigators while another bank of the same size but having an entirely different class of business, employs but five. Also a smaller bank, of but one-tenth the size, and doing a commercial business is using three investigators. Bank credit figures and statistics, therefore, depend on the character of the banks in question, and no one can rightly assume that one-tenth or one-twelfth, or any set percentage, of all bank employees in any city, or in the United States, are engaged in credit work. We do at least know for certain, however, that the credit departments of several New York City banks have doubled, and in some cases tripled in size, during the past two years, and it is safe to assume that the same condition exists in many banks of our other large cities.

To return to our discussion of the bank credit investigator, the young men employed as such are largely high school or college graduates who have had some banking experience or who have been selected for credit work for their shrewdness, address and common sense. A well known New York bank official recently described the ideal investigator in the following manner: "The ideal investigator is a college graduate who has been engaged in bank work for some time, and who has a good general knowledge of the theory of banking and the routine operations of the banking business. He should have a pleasing personality—the kind of a man who is able to make friends easily—and above all things not inclined to jump too quickly at conclusions. I consider it essential under normal conditions that every investigator should have at least the equivalent of a high school education, that he should spend a year in general bank work before specializing in credits, and that he should not be permitted to represent a bank on the street without first having spent at least six months in studying the theory of

business enterprise, analysis of statements, and credit department methods generally. Under certain conditions, this is often impossible but no bank should expect its investigators to practice on the public. This is particularly important when we realize the many times we have had to contend with investigators who circulate rumors and spread gossip. They do not do this because of any innate tendency to make trouble, but because of ignorance of the problems involved, and often because of an eagerness to make good on a piece of gossip which they would like to confirm."

This banker has described the "ideal investigator" and it is quite certain that all banks wish to obtain as near that type as possible. Every young man, however, due to circumstances, cannot be a college graduate or even a high school graduate, and it would be unwise to state that only men with such qualifications could hope to become successful investigators or bank officials. A great deal depends on a young man's energy, desire to learn and general aptitude. Many college graduates do not have the first idea as to the meaning of a financial statement, nor do they understand the elementary principles of accounting or credit work. There are also thousands of bank clerks who lack the same knowledge, yet have the desire to learn and ability to succeed if once started on the right course.

These articles are therefore written for the benefit of young men who are desirous or about to start in bank credit work. In the following numbers may be found practical information and advice as to the steps to be taken in a credit investigation. Many excellent books and articles have been written regarding the theory of credits, credit and collections, character, capacity and so on, but most of such works are better suited to persons who have had some

credit experience. Some of them are also mostly theoretical. The purpose and aim of these articles is to give the beginner, or the young man who wishes to take up credit work, exact, definite and practical information, in as concise a manner as possible, as to what problems he may expect to meet in a bank credit department. Credit investigating is intensely interesting and broadening, its possibilities are unlimited, and the bank investigator of to-day has the opportunity of becoming the credit manager or official of to-morrow.

When starting in credit work it is important for the beginner to know that the credit department has a wider field than merely preventing loss. The credit investigator must be constructive and have vision and must carry a spirit of courtesy and financial knowledge to all with whom he comes in contact. By so doing he can be of assistance in obtaining new business and at least start many new accounts on their way. He should remember that the old rule of quality and not quantity is applicable to banking and that the small account of to-day may be the large one of to-morrow. An impartial and conscientious investigation should always be made instead of endeavoring to do just what is actually necessary and no more.

To make the proper presentation of facts for an officer or as the basis of a recommendation to a customer, a certain basic routine of investigation must be followed. The agency reports must be studied, the financial statement analyzed and the banks, broker and trade houses interviewed, and finally all data must be brought together and summarized. A complete investigation is not always necessary or desirable, but each phase will be discussed in the subsequent articles so that the beginner will have a practical and definite idea of how to proceed.



Financing the Automobile

By A. A. F. Maxwell

IN order to become the owner of an automobile it is no longer necessary to mortgage the old homestead to "keep up with the Joneses," when our progressive neighbors proudly exhibit a new model in front of the house next door. Some idea may be gained as to the demand for automobiles when we learn that during 1920 more than 1,900,000 passenger cars were manufactured in the United States. It is estimated that one in every fourteen inhabitants now has an automobile.

Commercial banks in general realize the importance of the now second greatest industry in the world and the necessity of coöperating with the manufacturer not only for the production but in the marketing of the finished product. As an intermediary between banks and the automobile trade, corporations have been formed for financing sales of automobiles at wholesale and retail. These institutions are usually, though not necessarily, organized under the banking laws of the states in which they are incorporated. By means of the trade acceptance and promissory note, these corporations finance a large portion of the automobile sales throughout the country. The trade acceptance is given for the purchase of motor cars at wholesale by the distributor or dealer to the manufacturer, while the promissory note is signed by the retail purchaser. The trade acceptance does not differ from the standard form of acceptance used in commercial transactions and is discountable with any Federal Reserve or member bank. A distributor or dealer receives from the factory a shipment of cars, for which he pays 10 per cent. down in cash, plus the charge of the finance corporation, and executes a trade acceptance for the remaining 90 per cent. of the billing price, maturing at his option in not longer than one year from date with interest, though usually in three to six months. After endorsing the acceptance, the

manufacturer sends it to the finance corporation for discount at 100 per cent. Title to the cars remains with the finance corporation, which arranges for insurance and bond of the dealer. Generally, the acceptance is made payable at the acceptor's bank and is forwarded there for collection, accompanied by a trust receipt carrying title to the cars. When a sale is made, the dealer pays his bank the wholesale price of the car as reduced by 10 per cent. and the bank releases the car from trust, passing title to the dealer. The bank also endorses payment on the trade acceptance, thereby reducing the dealer's obligation, and forwards the proceeds, less a reasonable charge for service, to the finance corporation. When the acceptance matures, if any cars remain unsold, the dealer is obliged to take up his obligation, otherwise a sight draft is drawn on the endorser (manufacturer) for the unpaid remainder. This method permits the dealer to have possession of the cars, exhibit them in his show-rooms and pay for them as they are sold, while the factory has received the full price of the shipment.

The automobile may also be purchased at retail upon a similar arrangement, only instead of the trade acceptance method, the promissory note is used. The purchaser contracts to buy a car at the list-price (F. O. B. factory), plus freight, war tax and any extra equipment. The charge of the finance corporation, which includes fire and theft and if desired collision insurance for one year, is also added. On or before delivery, a cash payment of at least 25 per cent. of the list price must be made by the purchaser, which is deducted from the total selling price. For the remainder the purchaser signs his promissory note, payable in equal monthly installments over a period of not longer than one year from date with interest, as evidence of the amount due but not in payment thereof. Title of

course does not pass to the purchaser until the note has been paid. In addition a contract of conditional sale or chattel mortgage is executed and recorded, when the laws of the state in which the purchaser resides require it. In New Jersey and Pennsylvania, leases are used. The dealer assigns the agreement and endorses the note for discount with the finance corporation which remits cash for face value of note after deducting their charge (paid by the purchaser). As a result the dealer receives the selling price in cash and his full profit as though a regular cash sale had been made. The finance corporation attends to all details incident to the collection of the **note**.

It has been maintained by some that selling automobiles at retail on the plan outlined would tend to foster extravagance and consequently be a detriment to the public. This contention is erroneous and should be refuted. Every dealer must be responsible and have a credit rating in the trade before his endorsement is accepted on purchase-money obligations. This important item is closely followed up by a well organized credit department of the finance corporation. In connection with the signed contract of sale, chattel mortgage or lease, a "purchaser's statement" is usually filed indicating, among other things, the source of income from which payment on his note is to be made—whether from cash on hand, salary, commissions or other sources. If the purchaser possesses any real property, full description and location are noted, as well as his business and bank connections. With every time sale the dealer is required to make a written statement that the promissory note given in connection therewith arose from the sale of a new motor vehicle

and warranting that title to the car is with the dealer and that the same is free from any liens or incumbrances.

In order to provide for discounting automobile paper the finance corporation obtains funds from commercial banks and trust companies, by procuring lines of credit and other plans. The methods generally favored are by means of an indenture of trust or budget. Purchase-money paper acquired from manufacturers and dealers, duly endorsed by them, is pledged with a trustee under a trust agreement. The instrument provides for the issuance by the finance corporation of its debentures or collateral notes to the extent of approximately 90 1/11 per cent. of paper on deposit. Under the budget system a stipulated sum of purchase-money paper is made up into budgets, allocated as to maturity, and is deposited with a trustee. Against such budget the finance corporation issues its collateral notes, allowing for a margin of collateral at least 10 per cent. in excess of notes outstanding. These debentures or collateral notes run for a short period not exceeding three years from date—the majority maturing in six to eighteen months. They are self-liquidating, the collateral being constantly turned into cash as it matures and is paid into the trustee. The notes and debentures are sold on the open market at the prevailing discount rates for short-term investments and are purchased by banking institutions throughout the country. This class of paper provides a desirable and well secured investment. The financial corporation also offers, for direct sale, trade acceptances and promissory notes for which banks and trust companies are a market.



“The Teller’s Blotter”

By Herman R. Erkes

Comptroller, Bank of Italy, San Francisco, California

THE mention of “teller’s blotter” to one who has not mastered its basic principle suggests an accounting instrument that none but a technically trained mind can comprehend and sometimes provokes an expression of contempt for such a record on the ground that it is useless “red tape.” It is, however, neither technical nor useless. As a matter of fact, a teller’s blotter ranks first among the indispensable records maintained in the mechanical operation of a bank.

Stripped of all technical terms the purpose of the “blotter” is to provide:

(1) An initial record of each transaction, representing cash or its equivalent, that is handled by the bank.

(2) A system for the distribution of the items handled by the tellers to the proper departments.

(3) The means whereby the teller may prove up his day’s work.

(4) Simple and ready manner of tracing a transaction from its inception to its final place of lodgment.

(5) A method of placing responsibility for differences.

(6) The means for an adequate audit of a single department or of the bank as a whole, which is extremely important.

A properly designed blotter is applicable to all tellers, paying, receiving, note, exchange, collection, etc. Therefore to illustrate a transaction handled by the receiving teller will serve to show the use of the blotter by any teller. Let us take for example a deposit of \$3,000 made up of:

Paper currency	\$1,000
Check on New York	1,000
Check on ourselves	1,000

The transaction would be entered on the blotter as:

(a) Credit to Individual Bookkeeping Department, full amount of deposit.

(b) Debit to Transit Department, amount of check on New York.

(c) Debit to Individual Bookkeeping Department, amount of check on ourselves.

In each case the contra entry is automatically “Cash.”

Assuming that the teller’s work of the day consisted of the transactions cited above, he would have \$1,000 cash on hand and his blotter should read as follows:

TELLER’S BLOTTER RECAPITULATION

Dr. Cash.	Cr. Cash
\$3,000 Individual Bookkeeping Department	\$1,000
Transit Department...	1,000
\$3,000 Total	\$2,000
Cash on hand.....	1,000
\$3,000 Proof	\$3,000

May 1, 1921.

JOHN DOE,

Receiving Teller No. 1.

Coupled with the “Teller’s Blotter” in its complete operation are the “Department Registers,” by which is meant the records that are kept by the respective departments of all items received from the tellers. For example, the individual bookkeeping department would record on its register as having received from receiving teller No. 1 (using the above transaction) deposit of \$3,000 and check of \$1,000. Thus it will be seen that each item is listed twice, first on the Teller’s Blotter and again on the Department Register, the one checking against the other; a feature that must predominate in a blotter system and one whose importance cannot be over-estimated, for the function of the teller is distinctly different from that of the department and the one must therefore operate independently of the other.

Branch Banking in New Orleans

By Alvin P. Howard

Vice-President Hibernia Bank and Trust Company, New Orleans, La.

FOR the purpose of this article, a branch bank may be defined as one that is sufficiently remote from the Main Office to serve an entirely separate part of the city. This is mentioned because in New Orleans there are several so-called "branches" of various banking institutions that were acquired by consolidation, which are located within the boundary limits of the financial district of the city. These branches serve the same community as the main office, are called by that name for lack of a better one, and while they are usually operated in the same manner as the more remote ones, they will not be considered within the true meaning of the definition given above.

The rules of the New Orleans Clearing House Association give recognition to this distinction by allowing branch banks situated more than 1,500 feet from Canal Street, that is, outside of the financial district, to open at eight o'clock in the morning instead of ten o'clock. In the same way, other rules apply only to the kind of branch banks discussed here. Unlike the gentlemen who said there was only one kind of whiskey, we find the same difference referred to by Mrs. Malaprop when she said there were umbrellas and umbrellas and she wanted the latter.

There are many theories about branch banks. One of them is that the branch must be a small edition of the main office. Transfer an officer, teller or clerk from the main office to a branch and he will tell you that it will take a week or so to learn the duties of his new position. The method of operation is the same, the stationery forms are identical, the system of bookkeeping is familiar to him, and yet there is a difference in the way of practical application.

You are at a loss to understand why your body and brain do not function in the same way as when you are push-

ing through a very busy day at the main office. The surroundings are strange, the faces of customers are not familiar; this may account for a part of your shyness. And then you suddenly discover that the people who come into the bank are different. They do not play the game according to Hoyle. There is not the same rush to which you are accustomed, because a few minutes means less in their lives; there is not



Branch Bank in the Jefferson Market Section of New Orleans

the same exactness, because accuracy and system are not matters of first importance; the banking vocabulary is lacking, because a deposit ticket or cashier's check is described as, "This thing here," or "One of these checks that anyone will take"—sentences take the place of words, and even at that, they smack strongly of some foreign accent; suspicion and confidence are struggling against each other for first place in the education of the community.

Yes, it is all very different from the kind of service that you have been giving, but it is just as definite, in its way, and requires training that is just as exacting. It is a service that is demanded, moulded to meet the needs of the customers, and is furnished because it is an integral part of success.

This, then, is the main difference between a branch bank and the main office; to serve the community in the way in which it wants to be served and not according to the way you want to serve it. The branch must become a part of the community itself, its personnel must fit into the habits of the customers and it is not a miniature of the main office. It is like the colored soldier who had never been away from



Branch Bank in the Old French Market District
of New Orleans

the hills of Virginia until he took a very rough trip across the Atlantic on an army transport. On his arrival in France a Red Cross worker asked him what he thought of the trip across, and his reply was: "It sho am a hilly country." Different kind of hills, in other words.

Just as the branch is different from the main office, so is one branch different from another, and for the same reason. The history of branch banking in New Orleans shows that there has been an attempt to open branches in those parts of the city that are small communities in themselves, maintaining their own market, stores, moving picture houses, etc.

New Orleans is a city that covers a very large area, in proportion to the population, so it is to be expected that there is a wide divergence of customs in the various parts of the city. Any casual traveler in Europe has noticed

that the common meeting ground of the inhabitants of a small village is the market place, for it is there that the customs, trade practices and particular characteristics are formed. It is, therefore, interesting to note that the same observation is true in New Orleans, where the branch banking centers have grown up around the markets. These centers are little villages in themselves, communities in which the residents live, work, play and die, districts that are not fixed by definite boundaries. One street leads into another, as in any city of equal size, but the people who live there come to know these indefinite surroundings and their pride for the particular community is as great as that of the inhabitants of some small town. In a sense, they are a part of New Orleans, but they are competing against other sections of the city and are jealous of their comparative achievements.

Visitors to New Orleans are usually shown the "French Quarter." The guide does not attempt to define its boundary limits. You just start walking, with the avowed intention of seeing it, and when the walk ends at the French Market you feel confident that you know that section of the city from end to end. As a matter of fact, the district surrounding the French Market is mainly Italian, and the population is sufficient to support two newspapers, published in Italian, and several Italian societies, whose activities are confined to the betterment of immediate local members.

Three branch banks, the French Market branch of the Whitney-Central Trust and Savings Bank, the French Market branch of the Canal-Commercial Trust and Savings Bank, and the Decatur Street branch of the Hibernia Bank and Trust Company, all located adjacent to the "old French Market," are engaged in the friendly competition of "bringing money out of the sock," and incidentally, rendering service that embraces everything from daily dealings in lire to renting safe deposit boxes. The personnel of these Italian branches must understand the customs and trade practices of the depositors, which is a

study that requires practical experience. The difference between this community and one where the customers are mostly of Irish descent is apparent. "Community banking" would be a more appropriate title than branch banking, or, as a banker from the Middle West described it, "a confidence game"—a game or business based absolutely on confidence.

One who is not familiar with this form of bank work, would not believe what it really means to the financial expansion of a city. Most of the deposits are represented by direct accumulated saving, the kind that is regularly put aside by the thrifty, and it is safe to say that the larger part of this would never see the inside of any main office vault.

In those communities where several branch banks are competing against each other, the tendency is to force more money into the light of day. To illustrate: Just recently a man, with the aid of two friends, in response to several visits from one of our new business solicitors, brought to one of our branches, three thousand dollars in silver and five thousand dollars in Liberty Bonds. The total sum involved represented thirty years of thrift. Let us assume that he was unable to save during the first ten years, but that he put aside four hundred dollars a year for the last twenty years. Let us further assume that he placed this four hundred dollars in a savings account at three and one-half per cent., compounded semi-annually. These ultra-conservative figures would show that he would have \$11,707.60 to-day, or about four thousand dollars more than he actually has. That is *his* economic side of the story, and the economic question from the banker's point of view is left to the reader's judgment.

Another man, "who didn't believe in banks" was robbed of his savings which he kept in a safe in his store. The amount lost was eighteen hundred dollars, which had been saved during ten years. He was called upon by a branch manager, who explained that one hundred and eighty dollars placed in a sav-

ings account at three and one-half per cent., compounded semi-annually, would restore the amount lost in a little over eight years, and would not be subject to loss by robbery. Any branch manager has a whole book full of similar cases. This is good business for everyone concerned, especially in these days of extravagance when thrift means learning to do without the unessential things that keep us all poor. The branch is built on a sound economic foundation, with education as the corner stone.

Twenty-four branch banks in New Orleans serve sixteen separate communities, or districts. In three of these communities there are three competing banks and in two communities there are two competing banks. The kind of service rendered varies somewhat, but taken as a whole, it is possible to obtain every facility offered by the various



Typical Branch Bank Building in the Dryades Market Section of New Orleans

main offices. Savings, checking and Christmas savings accounts form the bulk of the business, named in order of their respective importance; safe deposit boxes, foreign exchange, travelers checks and securities, are handled by most of them; offices may be rented,

notes collected, drafts paid, certified and cashier's checks issued, business and financial advice given, pay rolls prepared, etc., loans and discounts, while small in volume, are important. Some branches require customers to go to the main office for loans, while others handle them right at the branch, through the branch manager, who telephones to some designated officer at the main office. Both friends and enemies can be made in this way, and neither one ever forgets you; this service particularly must receive prompt attention.

A well-known business man and director of one of the large banking institutions, told the writer that he could not believe in the branch idea until he was shown some satisfactory way of estimating the profits. As a matter of fact, there is only one difficulty, namely, to correctly apportion the executive expenses of the main office, which can be overcome by having one or more executive officers definitely and exclusively assigned to branch supervision and charging the whole salary and expense to the branches. For example, let us examine the following form:

Name of Branch—	A
Date Opened	
Average deposits, saving.....	\$400,000
Average deposits, checking.....	300,000
Total	\$700,000
Less average cash in vault.....	20,000
Less 3% cash reserve on savings deposits	12,000
Less 10% cash reserve on checking deposits	30,000
Total	\$622,000
Loanable funds carried with main office	638,000
7% on loanable funds with main office	\$22,330
Office rent collected.....	200
Safe deposit rent collected.....	270
Foreign exchange profit.....	500
Total gross earnings.....	\$23,300
Salaries, expenses, insurance, repairs, supplies, etc.	4,000
Losses	100
Taxes	1,200
Interest paid	4,700
Rent paid .....	.....
	\$10,000
Net profit or loss.....	\$13,300
Real estate, building, fixtures and vault	80,000
Average cash in vault.....	20,000
Legal cash reserve.....	42,000
Total capital	\$142,000
% Net profit to capital.....	.....
Net profit on A. B. C. ....	.....
Less salary and all expenses of executive Department .....	.....
Total net profit.....	.....

The capital of a branch is the sum of: (1) Real estate, building, fixtures, and vault, (2) Average cash in vault, (3) Legal cash reserve. The item of "7 per cent. on loanable funds with Main Office," is subject to change as the prevailing rate of interest varies, but it is a proper item of earning, because those funds are placed in the Main Office free of all expenses, interest, cash reserve, taxes, losses and rent. The Main Office has nothing to do except loan the funds on approved collateral, or on lines of credit fixed by the board of directors or its sub-committee—at least, this is better than borrowing an equal amount from the Federal Reserve and paying current interest rates, etc.

It is the purpose of this article to briefly describe the branch banking situation in New Orleans, and to illustrate the manner in which these branch banks competently and adequately serve their respective communities. There are in New Orleans, a city of some 400,000 inhabitants, only eight banking institutions, but by means of the branch banking system, practically every portion of the city which has need for banking facilities is provided with such facilities, thus the large banks in the business center are able to give to all parts of the city the benefit of their strength, their prestige, their experience and their resources.



Trust Companies and Lawyers

IN submitting a report of the Committee on Co-operation with the Bar, of the Trust Company Division of the American Bankers Association, Leroy A. Mershon, secretary, makes the following recommendations:

FIRST AND FOREMOST: Trust companies should so conduct their business that all possible conflict of interest with lawyers will be eliminated. Therefore, when a client proposes to name a trust company as executor or trustee of his or her estate every effort should be made to have the attorney for the

client draw his or her will and in all legal matters in connection with the administration of the estate the client's attorney should if possible, be employed.

SECOND: Lawyers have complained more frequently than of any other one thing, of trust companies advertising to draw wills and this fact suggests the importance of trust companies giving careful consideration to the rights of lawyers when preparing their advertising material.

THIRD: We believe it is good practice for trust companies to advertise freely among the legal profession in order to acquaint it with the real functions of a trust company, thereby demonstrating to members of the bar that the company deals primarily not in matters of law but in matters of business, investment, clerical and accounting service, which do not conflict with the professions of the lawyer but really supplement and assist his work by relieving him of duties which he has neither the desire nor the office organization to perform.

FOURTH: It would be well to enlarge upon the special investment service and experience which is required in passing upon the manifold variety of securities which are

offered for sale and the fact that the facilities for investigating and reaching judgment upon these are possessed by the trust company organization, a kind of office organization which is not practical for lawyers to establish.

FIFTH: Trust companies should freely tender the services of their various departments to members of the bar and invite them to make use of their facilities.

SIXTH: In brief, actively endeavor at all times to maintain close and friendly relations with the legal profession in every possible way.



A Questionnaire for Bank Messengers

THE following suggested questionnaire for prospective bank employees is taken from the program of a recent meeting of bankers and brokers in Utica, N. Y.:

- 1—Are you married or single?.....
Why?
- 2—Do you drink near-beer?.....
Why?
- 3—What is your favorite flower?.....
- 4—If you have night-work, are you troubled with insomnia?.....
- 5—Did you withdraw any money from the bank during the past year?.....
- 6—Where did you get it to put in the bank?.....
- 7—Does your wife play the piano?.....
- 8—What effect does it have on your rent?.....
- 9—Are you a light or heavy eater?.....
- 10—If heavy, who pays for your meals?.....
- 11—Has your yearly expenditure for rent increased since the shortage of houses prevents frequent moving?
- 12—Are you on friendly terms with your relatives?.....
- 13—If so, how do you manage it?.....
- 14—If possible, give the name of someone less intelligent than yourself who is making more money.....
- 15—State average monthly grocery bill, and payments on same, if any.....
- 16—State briefly (omit profanity) what your wife thinks of being married to a bank clerk.
(Additional space will be found on back of blank).....
- 17—Where do you drink, and how do you get it? (This information will be treated as strictly confidential and private).....
- 18—Exclusive of bartenders, how many people depend on you for support?.....
- 19—Do you keep chickens?.....
- 20—Does your wife take in washing to help support the family?.....
- 21—Have you suggested this to her?.....
- 22—If so, state results, and name of hospital.....
- 23—What position other than that of bank president, are you best qualified to fill?.....
- 24—Do you think you will ever amount to anything?.....

Sign your name on line below.

.....

Sign your *right* name here.

.....



The First Congress *used* New England-made Paper

PAPER THAT INSPIRES careful thought; paper worthy to bear potent messages of statecraft; paper that breathes of milady's charm; crackling masculine paper—all these imply New England-made paper today, as surely as in the days when the Constitution was penned.

The news of the day is circulated on newsprint from Maine. Massachusetts upholds her literary reputation by ranking first in the production of high grade book papers. Bank notes owe their durability to New England-made paper of special texture. Much of the nation's merchandise is packaged in sturdy paper bags and boxes originating in this territory.

The National Shawmut Bank has reason to be proud of its relationship with the paper manufacturers. For 85 years this bank has been a financial advisor to and supporter of the industry. As expansions of trade have taken place, we have served an ever-widening field, through branches and connections in every part of the world.



There is a distinct business advantage in routing commercial documents via Shawmut, also in enlisting our aid when approaching this market.

THE NATIONAL SHAWMUT BANK of BOSTON
Resources far exceed \$200,000,000

Banking Publicity

Special Section of The Bankers Magazine

MAY 1921

The Hand-Shaking Apostrophe

By W. E. WALKER

Manager New Business Department, Central Wisconsin Trust
Company, Madison, Wis.

"Drop in anytime you are down town. Let us get acquainted."

That's not an inherently bad conclusion to a letter sent to a new citizen of your city, but you're liable to thunder it's too stiff, too much like a school boy's essay when the copy boy hands it over for inspection.

Then this comes back:

"Drop in anytime you're down town. Let's get acquainted."

"That's the berries," you'd probably say at this note of friendliness.

The only difference is the apostrophe, but it adds an informal touch of fellowship that's difficult to obtain without it.

You'll agree that the old frigid dignity, once too typical of banks and bankers, has to a large extent disappeared—thanks to modern advertising.

In letters, posters, pamphlets and newspaper copy the banker of to-day talks to his public in a "straight from the shoulder" way—a friendly way, a way that's converting more cold marble buildings into warm, friend-making institutions.

We hear more and more about "human-interest" copy in financial advertising, copy that carries that personal touch in its interesting stories from life to really attract people's attention.

Just how to bridge the gap between cold copy composed of hard type and the personal copy that makes your reader get not

only the thought but the feeling your message conveys has bothered most copy writers. Few fast rules of course can be laid down for copy-writing. Putting personality into print permits of little that is stereotyped.

There is no other mechanical device, however, it seems to me, that serves the human-interest ad writer, letter writer or any writer to better advantage than does the apostrophe. Just as it eliminates letters and ties up two words, does it eliminate the physical gap between the writer and reader and bring them closely in touch with one another as far as the particular message in hand is concerned.

The well known copy of our largest manufacturer of men's clothing has as its basis of success—and it is of course tremendously successful—little else than the use of short sentences and a profuse use of the apostrophe.

"You're, I'm, we'll, they're, you'll, I'll, it's, they'd, that's, they'll, I'd, we're, you'd, we'll," and similar forms should all be familiar to the writer of informal copy who is after that personal touch.

I believe these first two short sentences from a letter sent out to new residents of our city will illustrate the difference:

"Welcome to Madison. We are glad to have you with us."

That's not bad. But consider the slight change:

"Welcome to Madison. We're glad to have you with us."

The little apostrophe, it seems to me, adds a personal touch of good fellowship and much desired informality to the message.

It's fairly easy to put your finger on stiff copy. But it's a little more difficult to tell just why it's stiff. Failing to make use of the apostrophe, I think, will be found a common tendency of writers of cold, formal messages.

While of course you can't expect the diminutive apostrophe to solve all the faults of cold water copy, I believe it will do

(Continued on page 769)



Display of the First National Bank of Hattiesburg, Miss., in the Merchants Display Week Parade

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

MAY 1921

A GOOD argument for bank advertising was advanced — unconsciously perhaps — by A. Barton Hepburn, of the Chase National Bank, New York, when he said:

"The greater the number of people who can be educated in banking habits and in the use of banking facilities, the better it is both for the bank and for the community in which the bank is located."



THE CHICAGO "TRIBUNE" says that a Chicago bank kept a careful record of the origin of all new trust business during a certain period, and that this record showed that 53 per cent of the business was attributable directly to advertising in that newspaper, and that 21 per cent was due to these same ads sent out through the mail or framed and hung up in the lobby of the bank.



BANKS CAN use their advertising to combat economic fallacies and the spirit of unrest. It has been well said that the bank can build character by promoting thrift, business ethics and an industrious spirit among the masses. Banks can reduce

radicalism and unrest just as they can reduce waste from misguided finance. This is the larger view of what the banker can do in his advertising today. He can think with the public and for the public, and establish his leadership for the general welfare. For the benefit of the community he can do no greater service than this.



MANY BANKS in their advertisements soliciting new business insert some such paragraph as this:

We would be pleased to have you call at the bank and let us explain our service.

Such a suggestion is good but it doesn't go far enough. It is too impersonal. It's impossible to talk a thing over with a bank and it's quite likely that unless everyone in the bank were thoroughly acquainted with this particular advertisement, the person calling might find some difficulty in making known his wants and getting to the proper person. Such treatment would stir up a feeling of antagonism that would weaken the effect of the advertisement. How much better it would be to make a definite statement such as "Come in any time and talk this over with Mr. Jones who will be glad to explain our service." Then when the prospect calls he goes immediately to the proper person who is ready to receive him and knows just what he wants. This is a small matter but important in its general consequences.

A PLEASED CUSTOMER is the best advertisement, runs the old saying. If it is true the First National Bank of Brooklyn, N. Y., has a good advertisement in the customer who is quoted in a folder put out recently by this bank, as follows:

ONE OF OUR OLDEST CUSTOMERS

who is about to retire from business wrote us:

"I don't know exactly how long my company has been with your institution but it is a good many years and, during all of that time, I never knew of a single occasion where we could justly find fault. You have invariably been most kind and considerate and I want you to know that the company and especially myself personally fully appreciated all of the attentions and help that you gave us."

We are publishing this letter because it is proof to us that we are approaching our ideal of banking service. We wish to co-operate with all our other customers to this extent and to maintain close and cordial relations always.

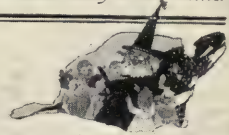
You have a standing invitation to consult our officers about personal or commercial banking and trust business.



A STUDY of the current newspaper bank advertising shows a growing tendency to use illustrations in connection with the copy. Many banks use a drawing of their building in every advertisement as a sort of trade mark. Others use various sketches to bring out the point that the text of the ad is trying to emphasize. When these illustrations are well done there is no doubt but that they add considerable strength and effectiveness to the advertising message. Even if the text is not read, the illustration makes an impression on the mind of the newspaper reader and connects this impression with the name of the bank.



OLD Mother Hubbard
 went to the cupboard
 To get her poor dog a bone.
 But when she got there,
 the cupboard was bare—
 The poor dog began to groan.
 "Dear, dear," said the lady.
 "In these days it's shady—
 One's classed as a fool or a crank
 If one has no savings."
 The dog stopped his ravings.
 And they beat it away to the bank.



The Continental and Commercial National Bank of Chicago has issued a book of Mother Goose thrift jingles illustrated in color which has caused favorable comment throughout the country

The Hand-Shaking Apostrophe

(Continued from page 767)

more than anything else its size to brighten copy with the desired personal touch.

When you come to analyze the case of the apostrophe and its use, you'll find the matter resolves itself largely into that old problem of writing as you talk.

Can you imagine yourself saying as a greeting of good fellowship to a newcomer, "Let us get acquainted?" You're bound to say "Let's" if you mean it. And yet chances are that when you've dictated the passage, it will be returned a la formality, your John Hancock will go down, and your prospect will probably think, unconsciously at least, "Stiff stuff; he's after my money, not me. I'll steer clear of him."

The apostrophe occupies a prominent position at the top and near the center of your stenographer's key board. The makers supposed it would be

used frequently or they would have assigned it to some little finger job.

Too many copy writers allow their stenographers to forget that the apostrophe is on the keyboard. In nine cases out of ten the repair man will skip the key when he overhauls the machine.

"Seldom used," he thinks, and passes on.

If you're looking for that across-the-table style in your letters, that make-yourself-at-home touch in your bank's service talks, more informality in your ads or more good fellowship in your booklets and pamphlets, I'd suggest a little more use of the apostrophe. It was given a place in the punctuation mark family for a purpose. Let's make use of it.



MANY BANKS feature the fact that deposits in the savings department made the first five or ten days of the month, draw interest from the first.

How Banks Are Advertising

"BANK SERVICE," published by the First National Bank of Los Gatos, California, quotes the following, which seems to be well worth reprinting:

The other day a fellow came up to me and asked for a filler for his pocket check book, and as he was putting it away he said: "Now I'll go home and make up the pay roll." And I knew he wasn't an employer of labor, and I told him I didn't get him. So he showed me a bunch of bills for gas and water and light and telephone and meat and things, and he said: "These boys are on my pay roll all the time." So then I understood, and I said, "Why don't you put yourself on the pay roll, too?" And then he had to ask me what I was driving at, and I told him that if he would just pay himself a regular wage to put in a savings account, the butcher, and the baker, and the candlestick maker wouldn't have any edge on him and at the end of a few months he'd be ahead of them. And he said it sounded all right and he thought he'd try it, and he went back and got his savings pass-book right away, which is the best time to do most things; and now I see him back there every pay day.



1921 Will Make Way for Thinkers

Fighters will score heavily in 1921—but the big prizes of the year are destined for men who *know* and *understand*.

Preparedness wins advertising and business battles. It is a product of experience with the addition of forethought and the absence of fearthought.

An important preparation period for business men in this year of 1921 is the forthcoming

**Seventeenth Annual Convention
Associated Advertising Clubs
of the World
Atlanta, June 12-16**

There, problems of new distribution will be considered seriously and helpfully by hundreds and thousands of experience-taught minds.

In effect this meeting will be the Great Business Class Room of the current year, dealing with advertising—the powerful motivating force of modern business.

Alert business men will travel a long way for this short course in practical marketing. Be one of them. Make reservations now for your June trip to Georgia.

Exhibits of Domestic and Foreign Advertising, demonstrating the use of practically all recognized mediums, and arranged solely with a view to helping the convention delegate, will be a special feature which, alone, will make the trip worth while.

In June, Atlanta is at its best. High on a ridge between the Gulf and the Atlantic, fanned by cooling breezes and clad in gay summer attire, it is, as proved by United States Weather Bureau reports, a delightful place in June.

For complete information as to railroad rates, hotel reservations, etc., please address the

**ASSOCIATED ADVERTISING CLUBS
110 West 40th Street
New York City**

Atlanta is famed for its hospitality

THE COMMERCIAL Savings Bank and Trust Company of Toledo, Ohio, reproduces its current newspaper advertisements in circular form and mails them to a selected list of prospects in advance of publication with the following comment:

This advertisement will appear in The Toledo Blade, Wednesday, April 6. It is one of a series of advertisements describing the services of our trust department. Few services rendered by a financial institution touch the lives of people in a more intimate, help-

ful way. Our trust department literally serves, protects or guides from the cradle until far beyond the grave. We believe you will find this series interesting. If we can be of service to YOU in any Trust matter, kindly communicate with our Trust Officers, or with our nearest office.

THE FIDELITY TRUST COMPANY of Philadelphia has issued a pamphlet advertising the savings department consisting of a reprint of the preface of Dr. Franklin's Almanac for the year 1757. The latter contains much that is just as true today as it was a century and a half ago.

THE CITY NATIONAL BANK of Tuscaloosa, Ala., states in a pamphlet recently issued:

Bring us your little business perplexities—utilize the strong and highly organized facilities we have for giving wise counsel in matters of doubt. Consider that this is your bank and let us in turn make your welfare identical with ours.

THE FIRST NATIONAL BANK of Princeton, N. J., has been distributing complimentary copies of a book giving information on the Income Tax and containing a simple accounting system for farmers and merchants.

D. C. PRESTON, formerly with the New Castle Rubber Company, New Castle, Pa., is now advertising manager of the First National Bank, Burbank, Cal.

THE GUARANTY TRUST AND SAVINGS BANK of Los Angeles is offering its windows for the display of the products of newly organized manufacturing concerns of that city. Through the co-operation of the industrial division of the Chamber of Commerce a list is furnished the bank each month giving the corporate name, address and type of product of each new manufacturing concern which begins operations during that period. A representative of the bank then calls on the new concern, gets acquainted with its officers, and offers them the use of a window for the display of their products.

THE VARIOUS services of the new Fifty-seventh Street Office of the Bankers Trust Company of New York are described in a handsome booklet with illustrative sketches by Robert Ball.

"THE TELLER," which is published by the Merchants Bank, Mobile, Ala., recently issued a Port of Mobile Number. This number was issued as the bank's contribution to the up-building of Mobile as a port.

THE SPECIAL INTEREST department of the Mercantile Trust Company of New York pays interest from the 1st of April on \$5 or more deposited by April 11. To emphasize this fact to the public the bank ran a series of advertisements, one each day, headed "13 more days," "11 more days," "10 more days," etc. Each ad reproducing the April 11 page of the calendar. Some of the copy was as follows:

What is a dollar? Very little to spend—but the foundation



No Pockets in a Shroud

We bring nothing into the world, and it is certain, we can take nothing out; but our laws enable every man and woman to dispose of his or her possessions by Will, and it is a sacred duty to make one; it is a personal privilege of the greatest consequence.

Of prime importance is the selection of a suitable Executor. Name this strong National Bank as your Executor and Trustee, and you are ensured safe and economical administration.

We have a thoroughly organized Trust Department with capable and experienced officers in charge, who have special qualifications for efficient estate management.

**The NATIONAL BANK OF COMMERCE
IN SAINT LOUIS**

Resources over \$50,000,000.00

JOHN C. LONSDALE,
President

VIRGIL M. HARRIS,
Trust Officer

An effective trust ad

stone of an account in our Special Interest Department. Don't waste a day.

Are you still putting off starting that account in our Special Interest Department? Does it become any easier? Start it today and see it grow. Even a dollar starts you. Don't waste a single day.

Nobody ever got anywhere without starting. Start a bank account in our Special Interest Department and do it today. Make your money work for you. Don't lose a single day.

What can you buy for a dollar like the satisfaction of knowing that you have started a bank account? A single dollar will start you with our Special Interest Department. Come in today.

THE "FIRST" BANKS of Saint Joseph, Mo., the First National and the First Trust Company, are distributing complimentary sketches of the first home in Saint Joseph, built in 1827.

THE FIVE BANKS of Portsmouth, Ohio, by a recent ad in the local papers, set a new standard for bank advertising, as a result of the enterprise of the department of publicity of the Presbyterian Church in the U. S. A. In an ad 5 columns wide, 18 inches, the banks invited their employees and every citizen of town to attend some church on the following Sunday.

The invitation was signed by the banks and headed "Why the Bankers of Portsmouth Support the Churches." It contained this statement:

"Every banker in Portsmouth knows that if churches had not been here since the beginning of the town, the banks could not stay a week—would never have been. Law and order must precede safe banking. Churches induce law and order.

"We support the churches, each banker and employee, according to his choice, because we want Portsmouth to grow and become a better place in which to live and raise a family. We know that along the path of righteousness and this alone, lies stable, continuous prosperity. We want to put our influence on the side of right every time.

"The bankers of this city

Who's Who in Bank Advertising

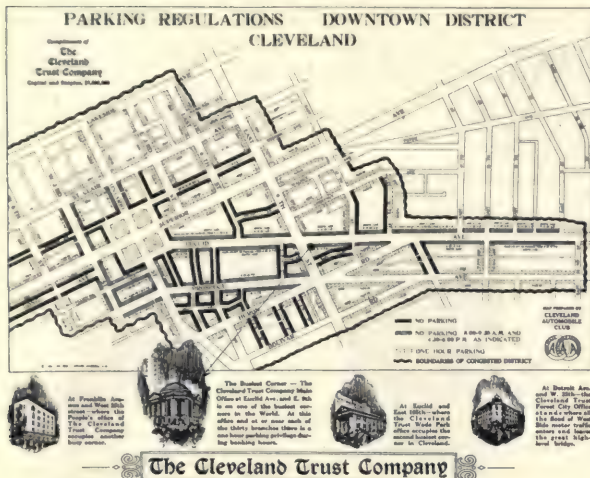


J. V. CORRIGAN

Manager of Publicity, Liberty Central Trust Company,
St. Louis, Mo.

MR. CORRIGAN is said to be the youngest financial publicity director in the country at the head of the publicity department of a \$50,000,000 institution. He was born in St. Louis in 1896. He has been associated with the Atlanta Trust Company of Atlanta, Georgia, as manager of publicity in the new business department, and with G. Prather Knapp, the publicity manager of the Mississippi Valley Trust Company of St. Louis.

Mr. Corrigan is a former member of the executive committee of the Advertising Club of St. Louis, and is also active in the Financial Advertisers' Association. He was formerly president of the Junior Advertising Club in St. Louis.



The Cleveland Trust Company

This folder giving downtown parking regulations was much appreciated by the customers of this Cleveland bank

know that the church is the sole institution which has for its chief business the inculcation of the principles of honesty and right dealing.

"Churches develop faith, and faith is needed before a man is willing to risk his savings and his labor in a project which he hopes will mean much to the city and its workers.

"Churches are the ally of everything that is good and the enemy of everything that is wrong. The banks of Portsmouth stand solidly beside the churches on this platform."

The ad closed with a cordial invitation to attend church, urging people to be on time and to go every Sunday. The announcement was made on behalf of the Portsmouth Federation of Churches, composed of 25 congregations of 7 denominations which had been carrying on a campaign of paid advertising, urging church membership before Easter.

The churches in this campaign took advantage of the copy service maintained by the publicity department of the Presbyterian Church.

A WASHINGTON, D. C., bank which has four offices, posts the

current week's newspaper ad on bulletin boards at the different offices, so that all employees may see it, together with a type-written schedule of the insertion in the various newspapers for that week.

MAY 7 is being observed as "Achievement Day" by the boys' and girls' clubs of Genesee County, Michigan, and three engraved silver cups are being offered as prizes by the Union Trust and Savings Bank, Citizens Commercial and Savings Bank, and the Industrial Savings Bank, of Flint. There are three different clubs in the rural schools—the Hot Lunch, Handicraft and Garment Clubs. Members of the first mentioned must act as cooks and housekeepers in the club for one week, the handicrafters must complete five articles and the garment club members must make three garments.

THE FIRST WISCONSIN NATIONAL BANK, Milwaukee, Wis., reprints its newspaper advertisements in booklet form from time to time and sends them out to its correspondent banks offering the privilege of using any of the ideas free. This bank has made quite a hit with

its series of historical advertisements. They have been used extensively in the public schools of Milwaukee.

SOME BANKS get the advertising co-operation of their directors by having them put up posters advertising the bank in the windows of their stores or on the bulletin boards in their factories.

THE MELLON NATIONAL BANK, of Pittsburgh, now especially prominent because it has furnished us with our new Secretary of the Treasury, has been running a series of advertisements on Pittsburgh industries. One of the most unusual dealt with the toy-making industry. The text of the advertisement was as follows:

"The day when a good toy bore the inevitable stamp of 'Made in Germany' has definitely passed. Since the beginning of the Great War American toy-makers have come rapidly to the fore, making important contributions to the industry, particularly in mechanical and metallic toys.

"To-day there are four hundred toy manufacturers in America, capitalized at over ten million dollars, and with an an-

THIS SUMMER

Before many months the thrill of summer will be urging you to "come away and rest—away from the heat of the city, the heat of the summer, the heat of the year, the heat of the season. The open road, the open road, the open road."

An easy way to finance your vacation is to open a Savings Account and then, regularly, each week or month, set aside a portion of your money. This plan will enable you to visit places you may not otherwise visit.

Begin today! You will have ample time to accumulate a tidy sum before vacation time and the interest will help.

Ask for Mr. Hoyt
SAVINGS DEPARTMENT

THE NORTHWESTERN NATIONAL BANK
PORTLAND OREGON

A vacation savings appeal

nual output estimated in value at over twenty millions. Eight of these are in the Pittsburgh District.

"Both the metal of which modern toys are made and the dies with which they are stamped are manufactured in Pittsburgh in unlimited quantities. The Pittsburgh District is consequently an ideal place for Santa's manufacturing headquarters."

"A FRIENDSHIP THAT WILL HELP Him All Through His Life" is the title of a convincing advertisement of the Rochester (N. Y.) Trust and Safe Deposit Co. It is an appeal to parents to let their children get acquainted at the bank. Here is some of the argument advanced:

Establishing a close friendship through a bank account is the making of a lasting acquaintance your child will appreciate in later years.

Visits to the bank are quite an event in the child's life; and they can be made a source of education as well as an excellent training of character.

Tell the child that the bank with its massive granite pillars and its inspiring marble interior, bespeaks the strength and safety which his money enjoys. Tell him the teller who takes his money is interested in seeing little boys (or girls) often, because he knows children who bank money can go to college or start in business, etc.; tell him how money grows (through interest) until it becomes more money than he put in.

These and other simple descriptions will arouse his curiosity and the oftener he comes the more interested he will become.

Are you overlooking these little trips to the bank with your child?

Hundreds of parents have accounts for their children here.

JOHN RING, JR., who has long handled the advertising of the Mercantile Trust Company of St. Louis, believes thoroughly in newspaper advertising, but he says:

For banking institutions I believe that the daily paper alone is not calculated to produce the most effective results. Other forms of advertising should be used in conjunction with newspaper advertising. I should say that this rule is imperative. The cultivation of selected lists, also the solicitation of business from your present patrons on behalf of departments with whom they do

WITH THE TREND of BUSINESS



BANKERS
TRUST COMPANY
57TH STREET
AT MADISON AVENUE

The front cover of a pamphlet issued by the Bankers Trust Company describing the facilities of its new uptown branch

not at present do business, are two typical examples to be used as adjuncts to newspaper advertising.



AN ARTICLE CONCERN- ING BANK MAGAZINES

AN ANALYSIS of the extent to which the New York City banks are using their "employees' "magazines for outside publicity will appear in the March number of *Gadabout* (otherwise known as the Magazine of Magazines) the monthly bulletin of the Association of Magazines of North America. This article, which is written by

Henry W. Toll, head of the Toll Syndicate of Magazines, considers and compares the uses which each of the following New York banks makes of its magazine or magazines: Bankers Trust Company, Chase National Bank, National Bank of Commerce, Guaranty Trust Company, Mechanics and Metals National Bank, Mercantile Bank of the Americas, National City Bank.

In view of the similarity of appearance of these magazines, and the identity of their avowed purposes, it is of great interest to compare the actual policies

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A

Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Allen, W. S., pub. mgr., Southwark Nat'l Bank, Philadelphia, Pa.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B

Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baugher, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buxbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C

Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crory, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D

Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Beblan, A., adv. mgr., Equitable Tr. Co., N. Y.
Delly, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co. of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E

Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F

Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G

Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.

Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, New York.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Grimm, H. B., mgr. bus. ext. dept., Security Tr. Co., Detroit, Mich.

H

Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hamsher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, O. H., Union Tr. Co., Cleveland, Ohio.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Higgins, A. E., adv. serv., 2929 Bway., N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Sulso, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
Hosagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, H. G., vice-pres., treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

I

Imhoff, C. H., vice-pres., Union Nat'l Bank, Newark, N. J.

J

Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.
Johnson, S. W., mgr. new bus. dept., Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. E., Jr., mgr. adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. H., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K

Keeton, M., mgr. svgs. dept., Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L

Langstroth, E., Liberty Nat'l Bank, N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lerson, V. A., comp., Williamsburgh Svgs. Bank, Bway & Driggs Ave., Brooklyn.
Lord, A., American For. Bkg. Corp., 58 Bway., N. Y.
Lyons, W. S., Union Trust Co. of D. C., 15th & H Sts., Washington, D. C.

M

McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Bway., N. Y. C.
Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.
Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.

Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. E., vice-pres., 1st Nat'l Bank, Berkeley, Cal.
 Morrow, P. E., c/o Hackney & Monie Co., Asheville, N. C.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Muralt, H. de, sub-mgr., Union de Banques Suissees, Zurich, Switzerland.

N

Newton, E. V., mgr. new bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O

Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Painter, W. H., asst. to pres., Security Nat'l Bank, Dallas, Tex.
 Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N.Y.C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr. new bus. dept., American Nat'l Bank, Richmond, Va.

S

Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Selater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept., Industrial Svgs. Bank, Flint, Mich.
 Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.

Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n, South Bend, Ind.
 Streicher, J. H., New Bus. Dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
 Sutton, F. T., pub. mgr., Mercantile Bank of the Americas, N. Y.

T

Tait, A. G., pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thurston, W. B., Jr., mgr. for. dept., Merch. Mechanics 1st Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
 Wadden, F. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, O. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.

Z

Zambrano, A., Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.



NEW NAMES

Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
 Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.



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Book Reviews

THE PEACE NEGOTIATIONS: A PERSONAL NARRATIVE. By Robert Lansing. Boston and New York: Houghton Mifflin Company.

TERRIBLE indeed is the indictment which Mr. Lansing draws against Mr. Wilson, and he brings indubitable evidence to support every count in it. This personal narrative, told with great restraint and an evident desire to be just, succeeds in fixing upon President Wilson heavy responsibility for the sacrifice of the principle of self-determination in the League of Nations Covenant, for the surrender of Shantung to Japan; and, worse than all, for the failure of the Senate to ratify the Peace Treaty because of Mr. Wilson's obstinate insistence that the League of Nations Covenant be made a part of it.

As early as May 25, 1916, Mr. Lansing had written the President declaring his opposition to a plan of coercing other nations. He said (p. 39):

"I do not believe it wise to limit our independence of action, a sovereign right, to the will of other powers beyond this hemisphere. * * * I do not believe we should put ourselves in the position of being compelled to send our armed forces to Europe or Asia, or, in the alternative, of repudiating our treaty obligation. Neither our sovereignty nor our interest would accord with such a proposition, and I am convinced that popular opinion as well as the Senate would reject a treaty framed along such lines."

Mr. Lansing's views as to the proper course of procedure in regard to the treaty and the principles to be embodied in it, as well as the method of dealing with the League of Nations program, are such as most persons of sound judgment long ago approved. In nearly every instance Mr. Lansing was in the right in his proposals as Mr. Wilson was as clearly in the wrong. It did not need Mr. Lansing's "personal narrative" to establish this fact; recent history has demonstrated it clearly enough.

But Mr. Lansing, in overwhelmingly proving his case, proves too much. If he succeeds, as he does, in convicting Mr. Wilson of lack of judgment, of blind obstinacy, and of a sacrifice of essential moral principles, he as clearly convicts himself of remaining to the end a participant, even though an unwilling one, in carrying out Mr. Wilson's policies. He tries to exculpate himself by declaring that to have resigned as an American Peace Commissioner as a means of enforcing his opposition to the President would have laid him open to the charge of disloyalty and would have delayed the Peace Treaty. But he did not, in the end, escape the imputation of disloyalty, and it was precisely because his own protests were not heeded that the Peace Treaty was wrecked so far as ratification by the Senate was concerned.

Here was a situation where if ever supposed expediency ought not to have taken the place of essential principles. Mr. Lansing's explanations are not sufficient. They only weaken the case for himself. On matters so vital his place was clearly in the open to fight with those who realized the injustice of the surrender of authority to the Five Great Powers, who opposed secret diplomacy, who believed in dealing justly with the Shantung Question, and who would not commit the United States to a policy of employing military force to preserve existing territorial arrangements.

Mr. Lansing's convictions on all these matters were clear and sound; but he did not live up to them, as he himself admits; and the reasons he gives, while satisfactory to himself, can hardly be so to the impartial student of the Peace Conference.

Furthermore, it is difficult to understand how he could have put up with the studied contempt with which his proposals were treated by the President. A proper degree of self-respect would have impelled most men to have withdrawn from further participation in the Conference after having practically

every suggestion in regard to policies and principles wholly ignored.

If Mr. Lansing had written his "personal narrative" to explain why he resigned as a member of the American Peace Commission immediately after he found out that there was such a wide divergence between himself and the President in regard to methods and principles, and when he became convinced that his protests were wholly unavailing to secure a modification of the President's course, the volume would have done him great honor. But he did not resign. On the contrary, he stayed in the game and was a final participant in the adoption of a Treaty and a Covenant which neither his judgment nor his conscience approved.

Interesting as the volume is for the valuable personal insight it affords of the President's course at the Peace Conference, it must be deemed wholly unsatisfactory for the purpose for which it seems chiefly to have been written, namely, the absolution of Mr. Lansing from responsibility for the Treaty and the League and the wrecking of both by the Senate of the United States.



THE WISDOM OF THE CHINESE. Their Philosophy in Sayings and Proverbs. Edited, with an introduction, by Brian Brown and a preface by Ly Hoi Sang. New York: Brentano's.

From various sources the editor has collected some of the leading philosophical doctrines of the Chinese, their precepts, sayings, moral maxims, and a few excellent examples of Chinese poetry. The volume enables one to get a fair idea of Oriental thought as formulated by the oldest, and in many respects the greatest, of the Eastern nations.

Some of the maxims may not accord with our modern ideas, but how could those who are chafing under the excess profits tax find anything more to the point than this pithy statement from Mencius, who was the most brilliant exponent of the great sage, Confucius?

"If you know a tax to be unjust, end it at once."

And surely Lao-Tzú must have looked forward to our days of many and complex laws and of personal extravagance when he wrote the following:

"As restrictions and prohibitions are multiplied in the empire, the people grow poorer and poorer.

"When the people are subjective to overmuch government, the land is thrown into confusion.

"When the people are skilled in many arts, strange are the objects of luxury that appear.

"The greater the number of laws and enactments, the more thieves and robbers there will be."

Perhaps the western world has too long neglected to acquaint itself with the literature and philosophy of the ancient nations of the East. Even though many of the tenets of this philosophy be found inadaptably to modern life, the depth and abiding character of others cannot fail to repay our careful study.

To read the sayings of these great ones of the past—amid the rush of a world made up of subway crowds, motion pictures and shrieking newspapers—is like taking a draught from pure, cool fountains, or looking across illimitable deserts and seas or upward to the far spaces of uncounted and uncountable worlds.

For pure delight and solid instruction, "The Wisdom of the Chinese" may be safely matched against any of the recent "best sellers."



ACCEPTANCES—TRADE AND BANKERS'.
By Park Mathewson. New York: D. Appleton and Company.

A comprehensive book on acceptances and acceptance payment, a subject heretofore treated for the most part in scattered periodical articles. This volume is divided into three parts. Part I is on the theory, procedure, and practice of acceptance payment. The business man is shown how the acceptance system should be installed, operated, and controlled. The interesting results of a co-operative investigation covering

all lines of business are given. Part II classifies and digests the rulings and opinions of counsel of the Federal Reserve Board on acceptance procedure and forms down to 1920. Part III outlines methods and arguments for a campaign to induce the use of trade acceptances. This section offers material easily adapted to the use of the business man, be he manufacturer, wholesaler or retailer. Many forms illustrate acceptance forms and accounting methods.



CONSOLIDATED TABLES OF BOND VALUES.
Boston: Financial Publishing Co.

These tables show net returns at rates of interest running from 2.90 to 15 per cent. on bonds and other redeemable securities paying interest semi-annually at the rates per annum of 3, $3\frac{1}{2}$, 4, $4\frac{1}{2}$, $4\frac{3}{4}$, 5, $5\frac{1}{4}$, $5\frac{1}{2}$, 6, $6\frac{1}{2}$, 7, $7\frac{1}{2}$ and 8 per cent., maturing from six months to fifty years, progressing semi-annually, and from fifty-five to 100 years, by periods of five years.

The values are computed according to the generally accepted practice, which assumes that the proceeds of the coupons, as they mature, are reinvested at the rate of income which the bonds yield at the purchase price.



BALKANIZED EUROPE. By Paul Scott Mowrer. New York: E. P. Dutton and Company.

The Balkans have always been a hotbed of political trouble because each of these small countries contains an important minority of distinct and generally hostile races. As a result of the Treaty of Versailles this condition has now been extended to practically all the countries of eastern and central eastern Europe.

Therefore Mr. Mowrer calls the area covered by Poland, Czecho-Slovakia, Austria, Rumania, Hungary, Jugoslavia and Bulgaria "Balkanized Europe." Mr. Mowrer has been in and about the Balkans and Eastern Europe for the last ten years, and as correspondent for the Chicago Daily News has become nationally famed for his knowledge of European affairs. His book describes conditions there—racial, social and political; analyzes the tendencies and national aspirations, the fears and hopes, and discusses the probable future of each country in this critical section of Europe.

"Balkanized Europe" is wide in scope and thoroughly up to date. It will give the American reader a sane and comprehensive view of the problems which have to be met and settled in order that any League or Council of Nations may be able to keep the peace of Europe.



NATIONAL BANKING UNDER THE FEDERAL RESERVE SYSTEM. New York: The National City Bank.

The purpose of this volume is to give a picture and an interpretation of national banking in the United States under the Federal Reserve System. As a background for the subject there has been included in the first part a brief history of national banking since the passage of the National Bank Act in 1863, with particular emphasis laid on the growth of the system.

The technical details of organizing a national bank are set forth; an analysis of both the Federal Reserve Act and the National Bank Act so far as they affect the management, supervision and general business practices of the national banks of the United States is given. The Reserve Act is reprinted and carefully indexed so that it may be of convenient reference to those who need it.



Convention Program of Financial Advertisers' Association Near Completion

THE program for the departmental meetings of the Financial Advertisers' Association, in connection with the Associated Advertising Clubs' Convention at Atlanta, Ga., June 12-16 is practically complete.

The program committee of the association have taken "Inside Stuff" as their key-note in outlining topics and selecting speakers. They have planned a discussion of the actual problems which face the men or women responsible for the expenditure of a bank's advertising appropriation. The speakers they have selected are men and women who have been and are in daily contact with those problems.

Only two of the speakers who will appear at their three sessions are people not actually on the firing line of bank advertising management.

One of these is Thomas B. McAdams, president of the Merchants National Bank of Richmond, Virginia, and first vice-president of the American Bankers' Association, and the other is Herbert S. Houston, publisher of the World's Work. But both have consented to discuss subjects connected with the actual work of the men and women who will hear them.

Mr. McAdams will have for his topic "The Salable Bank" and will show what the head of a financial institution can do to make his goods worth advertising and how he can secure co-operation with his advertising from directors, officials and employees.

Mr. Houston is expected to conduct a sort of clinical dissection, with himself as the subject. He will discuss "Financial Advertising from the Reader's Angle" and tell the association just how their work is impressing the people for whom it is published.

With very few exceptions, the complete program for the three days' session has been completed as follows:

FIRST DAY

President's annual address, Lloyd H. Mattson, Corn Exchange National Bank, Omaha, Nebraska.

"Financial Advertising from the Reader's Angle," Herbert S. Houston, World's Work.

"The Salable Bank," Thomas B. McAdams, Merchants National Bank, Richmond, Virginia.

"Popularizing Bonds," A. E. Bryson, Halsey Stuart & Co., Chicago.

"Selling Trust Department Service," L. A. Mershon, secretary, committee on publicity, trust division, American Bankers' Association.

SECOND DAY

"The Daily Paper—Its Use by a Bank," G. Prather Knapp, Mississippi Valley Trust Co., St. Louis, Missouri.

"The Bank House Organ," W. Frank McClure, Fort Dearborn National Bank, Chicago, Ill.

"Outdoor Advertising" (speaker to be assigned).

"Little Brothers of the Advertising Manager" (speaker to be assigned).

"The Financial Publishers' Association," Haynes McFadden, president, Southern Banker, Atlanta, Ga.

THIRD DAY

"Financial Advertising from the County Seat," J. A. Abernathy, First National Bank, Fordyce, Arkansas.

"Increasing the Per Capita Savings Balance," Minnie A. Buzbee, American Bank of Commerce and Trust Company, Little Rock, Arkansas.

"My Best Advertisement"—

- Why I Wrote It—
- How I Published It—
- What It Accomplished.

Ten or fifteen members of the asso-

ciation will give five minute talks on this subject. Among them will be:

A. C. Flather, American Security & Trust Co., Washington, D. C.

Gaty Pallen, Mercantile Trust Company, St. Louis, Mo.

Miss Jessamine G. Hoagland, National City Bank, Chicago, Ill.

E. H. Kittredge, Old Colony Trust Co., Boston, Mass.

M. F. O'Callaghan, Union & Planters Bank & Trust Co., Memphis, Tenn.

Miss Percy Graner, Wachovia Bank & Trust Co., Winston-Salem, N. C.

D. D. Bailey, First National Bank, Tulsa, Oklahoma.

One of the big features of the Financial Advertisers' Association Departmental has been the financial exhibit. The plans that are now under way, and responses that have been received from institutions all over the country that are planning to have exhibits, indicate that it will be up to its usual high standard. One of the big incentives to have an exhibit this year is that, at the request of the American Bankers' Association, this exhibit will be shipped to Los Angeles for their meeting this fall.



Some Chinese Banking Customs

By J. M. Scanland

THAT a man can borrow money from a bank without giving security seems strange to a Caucasian, and the cashier who made such a loan would be considered lacking in caution. This can be done in a Chinese bank in California, but by Chinamen only. The American would be required to furnish "gilt edge" security. The Chinaman gets the loan on his word of honor, or "his face." But, he must have a reputation for honesty and good business qualifications. Strictly speaking, he does not borrow from the bank, but borrows the bank's money from the comprador or cashier. The comprador is under bond, and passes upon all loans. He may submit the question of a loan to the directors, but he is still responsible for the amount of the loan. He is supposed to know the liability of the borrower, just as a cashier must know the genuineness of a signature.

When the comprador makes a loan the amount, the name of borrower, the rate of interest, and time of payment, are entered in longitudinal columns on

his book, writing from right to left. No note is given, or other acknowledgment made. If he fails to pay, the cashier must foot the loss. The losses are very few—and small, I am told. Some borrowers default for a time, but the loan is finally paid through the aid of the borrower's relatives or business friends. Otherwise, he is "black-listed" and credit refused everywhere.

A depositor can borrow twice the amount of his deposit as an "accommodation" for a few days or a week. The depositor is given a check book, or "loose leaf" paper back ledger, on each page of which are two longitudinal columns—creditor and debtor. The first page is what we call the last, and the notations are from right to left. If the depositor pays a bill during the day he gives the man an order for the amount, and that evening he sends his book to the bank. Next morning, before banking hours, the clerks balance the books, and the comprador sums up the cash on hand.

All accounts must be paid, or satis-

factorily arranged by extension, three times a year. These settlements are in the first, fifth and ninth months. The settlement days are on certain "feast" days or festivals, such as the first of the new year, etc. On these days the comprador must make good his losses, if any. These settlements are a check on the comprador, and also beneficial to himself.

It is not the aim of a Chinese bank to "squeeze" the borrowers. The policy is to aid the people by liberal advances and thus get more depositors. An industrious Chinaman, not in business, can borrow a small amount, without

even a personal recommendation. That is, if the comprador knows him as such. But, if he plays "too much lottery," or "fan-tan," the wicket is closed against him. The interest charged is the same as the legal rate charged by the American banks, and often less, in order to encourage the industrious.

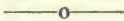
The comprador does his "figuring" on the abacus, or calculating table, which is about 18 inches long by 12 inches wide, with rows of small black balls on wires. The lowest line is units, the next tens, etc. Chinese say that this "lightning calculator" is an improvement over the American system.



Observations of an Outsider

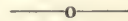
A Non-Banker Gives His View-Point on Banking Service

I heard one woman, who just "couldn't understand this tax business anyway," lay it all up against the Democratic administration, and it amused me to hear the banker—who was a staunch Republican—staunchly defend the Government and its methods of taxation. This same woman not only wanted her tax report made out by the banker, but she begged an envelope. asked the bank man to address it to the tax office for her, fished out two cents and asked for a stamp, and then asked if the letter could be mailed by the clerk who took out the bank's mail. Some service, I'll say!

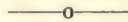


One day recently, while I was in the branch office of a certain bank, a man and a woman came in and inquired for a certain officer of the bank. The branch manager told them that the man they wanted was at the main office several blocks away. The couple thanked him and said they would go to the main office, to which the branch manager replied "Just wait a moment and I'll 'phone over there and make sure he is in so you will not have your trip for nothing." He found that the

man was in, and the couple departed after thanking him warmly for his kindness. Just a little bit of kindly, human "service" that makes friends for a bank.



A man submitted a "statement of condition" to his banker the other day, as a basis for a loan. The banker chuckled as he read it over and I heard him say to another banker: "I wonder how that statement would check up with the one that fellow has just prepared for the tax collector."



I called the other day to see the president of a bank. I know him to be a kindly and a courteous man. I presented my request for an interview to the stenographer or "secretary" in his outer office. She was not even courteous. She adopted a haughty, disdainful sort of air, as if I were treading on sacred ground. She was not a bit like the man whom she was, in a measure, representing. It made me wonder how many men really knew what sort of "contact" they were getting with their public through those to whom they delegated the "contact" duties.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

IRVING NATIONAL BANK NEW YORK

Condensed Statement of Condition, April 28, 1921

Resources

Cash in Vault and with Federal Reserve Bank	\$30,923,337.40	
Exchanges for Clearing House and due from other Banks	49,441,307.67	
Commercial Paper and Loans eligible for Re-discount with Federal Reserve Bank	90,881,712.95	\$171,246,358.02
<i>Other Loans and Discounts</i>		
Call and Demand Loans	11,666,965.05	
Due within 30 days	15,888,859.88	
Due 30 to 90 days	22,452,211.17	
Due 90 to 180 days	23,940,166.68	
Due after 180 days	1,270,826.85	75,219,029.63
United States Obligations		4,932,934.04
Other Investments		6,745,442.18
Bank Buildings		514,567.05
Customers' Liability for Acceptances by this Bank and its Correspondents (Anticipated 3,244,396.03)		16,536,747.55
TOTAL RESOURCES		\$275,195,078.47

Liabilities

Capital Stock	\$ 12,500,000.00
Surplus and Undivided Profits	11,089,808.95
Discount Collected but not Earned	1,304,170.42
Reserved for Taxes and Expenses	1,070,916.20
Circulating Notes	2,368,220.00
Acceptances by this Bank and by Correspondents for its Account [after deducting \$582,042.93 held by this Bank]	19,781,143.58
Deposits	227,080,819.32
TOTAL LIABILITIES	\$275,195,078.47

A Half Century of **SERVICE**

THIS year THE EQUITABLE TRUST COMPANY of New York begins its second half century of service. Founded on April 19, 1871, as the Traders Deposit Company, THE EQUITABLE has built for itself a distinctive place in the life of New York and the Nation.

Old in years but youthful in spirit, conservative in management but progressive in ideas, mindful of tradition but unafraid to pioneer, great in resources but not too great to lose the human touch, never confusing dignity with aloofness and conceiving of bank service as public service—this is THE EQUITABLE of today.

Helping others to grow—helping other banks and investment houses to better serve their own customers—is the secret of our own growth. We shall welcome an opportunity to tell you how we can help you.

THE EQUITABLE TRUST COMPANY **OF NEW YORK**

37 WALL STREET

Madison Avenue at 45th Street 222 Broadway

LONDON

PARIS

TOTAL RESOURCES OVER \$300,000,000

International Viewpoint Urged in Tariff Legislation

A COMPLETE understanding of to-day's world trade situation, uninfluenced by any provincial or political views, must guide the course of the tariff legislation now pending before Congress if the United States is to benefit in full measure from her position as creditor nation of the world, according to a recent issue of "American Goods and Foreign Markets," the international trade survey of the Guaranty Trust Company of New York. The bank emphasizes the dangers of plans which imply commercial isolation, and of temporizing devices which propose to hamper the free world-wide movement of the great staple raw materials and food products. It says, in part:

"At a time when vast debts are owed by foreign countries to the United States—debts so great that the possibility of payment in gold is out of the question—it is a matter of concern that it should be seriously proposed to erect additional heavy barriers to such payment as might be made through the importation of foreign raw materials, food products and manufactured commodities.

"While the unfortunate position of holders of agricultural products, in whose behalf this legislation is chiefly urged, may be fully recognized, it is still difficult to see in what respect the imposition of tariffs can help them materially; while it is certain that the effect upon the welfare of the nation as a whole cannot fail to be seriously adverse. There is no certainty whatever that domestic markets can be stimulated by tariff exclusion of foreign goods, nor that domestic prices will thereby be appreciably enhanced. If Canadian and Argentine wheat, for example, are excluded from the United States, it is clear that this surplus will then compete in foreign markets with our own wheat exports, with a resulting disadvantage to that trade which would probably offset any supposed advantages gained in the domestic market. The chilling effect of the loss of foreign

markets upon our domestic industries will certainly be reflected in a lessened demand for our raw materials here, and this in turn will tend further to depress the price received for such materials. Our farmers and cotton growers, especially, should remember that only as Europe's purchasing power is restored will she be able to buy the surplus products of our fields, and that there is more to be lost in retarding the restoration of Europe's purchasing power than is to be gained by tariff differentials.

"The United States, with exports of \$8,000,000,000 in 1920, and with an aggregate favorable trade balance exceeding 17 billion dollars for the last seven years, now has a very heavy stake in foreign trade, too heavy to ignore or to risk by uneconomic or ill-considered legislation. There was never a greater need for a widespread recognition by the people of the United States of the broad basic principles of trade. It is axiomatic that, in the long view, nations must prosper commercially with other nations, and not at their expense. Buying in international commerce must approximately balance selling, either through exchange of goods or services, or trade soon lags and finally ceases. Ill-adjusted trade relations cannot persist indefinitely.

"The United States has a wealth and producing capacity so much greater than any rival that the disclosure being made in some quarters of a timorous attitude towards foreign competition is to be seriously regretted. The adjustments that must be borne in the United States due to falling prices and renewed foreign competition may be painful for a time, but they are really inevitable. They may perhaps be postponed a little, but in the end it is certain that they must be endured. Any attempt to delay such readjustment by political nostrums must finally fail of its purpose.

"The inexorable operation of the laws of supply and demand cannot long be artificially forestalled. Very materially

lessened demand in European countries due to the reduced consumption that has been forced upon them by circumstances, a condition which has now lasted for a long time, has affected all countries producing raw materials, and new crops and supplies coming along add to the previously unconsumed stocks that have accumulated. Time alone can bring about the absorption of this accumulation, and it seems beyond argument that the freest movement of these commodities between the nations is necessary to facilitate such absorption.

"Of course, the industries of the United States must be protected from unrestricted floods of imports arising from the inequalities of wages and depreciated exchanges. Security from these cheap foreign costs cannot be derived from any single, all-inclusive tariff; it might be found in a more flexible arrangement, by treaty or otherwise, which would equalize the selling prices of varied foreign goods in our markets.

"With all the wonderful advantages possessed by the United States as compared with any other country, there is little excuse for reliance upon such temporizing devices as are often proposed in plans to hamper the free world-wide movement of the great staple raw materials and food products. With thrift and energy applied to the situation today the present difficulties can readily be overcome within a reasonable period of time. We should surely hesitate before arousing the resentment of the entire world by adopting plans which imply commercial isolation, and which must eventually react to our decided disadvantage. If wisdom and foresight characterize our action toward foreign nations in the next few years, there is nothing that can dislodge us from a position of leadership, both in trade and in finance. It will be unfortunate if we risk this great opportunity by a shortsighted and provincial outlook upon the present situation."



Sao Paulo

Empire State of Brazil and Heart of Coffee Land

By Morris K. Parker

Vice-President, The Equitable Trust Company, New York

THE recent flotation in the markets of New York, London and Amsterdam of approximately \$24,000,000 bonds of the Brazilian State of Sao Paulo has focused the attention of financiers and thoughtful investors on the affairs of this prosperous State, the most progressive of all South America.

The financial markets of the world were particularly interested in the announcement of this financing for the London portion of the Sao Paulo issue is said to be the first foreign loan sanctioned by the English Government for public subscription in the markets of that country for several years.

Sao Paulo's securities have long been

favorably known in the London and Continental markets and English investors have eagerly subscribed for the issues that have been brought out in London in years past. But, aside from this predilection for a security whose investment worth she has learned from her past experiences, England's reason for sanctioning the present loan is obvious,—her natural desire to share in a financing operation which means so much to the foreign trade of the countries participating in the transaction.

The United States for many years has been Sao Paulo's best customer for it has been the heaviest buyer of the State's chief export item, coffee. Be-

fore the great war, however, Great Britain and Germany, chiefly because of the relationships established through underwriting the State's external loans and because of other capital investments in enterprises within the State, were the leading suppliers of Sao Paulo's merchandise requirements. During the course of the war, the United States succeeded to and still holds first place in Sao Paulo's foreign trade, both inward bound and outward bound.

The old axiom "Trade follows the dollar" was never truer than to-day when the great commercial nations of the old world are straining every sinew, commercial and financial, to recapture the foreign markets they lost with the demoralization of trade caused by the outbreak of the great war.

In this connection, it is especially significant to note that the three best-known and strongest private banking houses in England, the Rothschilds, the Barings, and the Schroeders, combined to insure the success of the loan in the

London market. The Dutch were not far behind for they were represented by the well-known private banking house of Lippmann, Rosenthal & Co., and the Rotterdamsche Bankvereeniging.

In view of these international aspects of Sao Paulo's new loan and the direct bearing that our participation in financing operations of this kind will have on the foreign trade of the United States, it may not be amiss to give a brief sketch of Sao Paulo, its resources and its industries.

Sao Paulo, one of the twenty states comprising the Republic of the United States of Brazil, is located in the south-eastern part of that country, with a frontage on the Atlantic Ocean of about 372 miles. The chief shipping port is the City of Santos and the capital is the cosmopolitan City of Sao Paulo, the third largest city in South America.

The government of Sao Paulo is very similar to that of our states for when Brazil became a republic the constitution adopted was patterned very closely



Fifteenth of November Street, City of Sao Paulo



Municipal Theater, City of Sao Paulo



A Sao Paulo coffee plantation, view showing how coffee is spread on the drying flats

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on that of the United States. Sao Paulo has the power to contract foreign loans and levies its export duties, but the Federal Government collects all import duties.

In area the State is as large as the New England States and New York combined. The density of population is about 36 to the square mile, the same as that of the United States as shown by the 1920 census returns. The population in 1900 was approximately 2,280,000; to-day it is over 4,000,000. During the same period the capital, the City of Sao Paulo, has grown from approximately 240,000 to over 500,000. About one-third of the inhabitants of the State are Europeans, principally Italians, Spaniards, Portuguese, Germans, Russians and Austrians, and about two-thirds are of European descent.

The greater part of the State is a plateau about 2,000 feet above sea level with a climate that is healthful and temperate, resembling very closely that of Southern California. All cities of

any consequence have installed water supply, sewerage and drainage systems, many of which have been paid for by the State. The water supply and sewerage system of the City of Sao Paulo alone represent an investment by the State of about \$17,000,000.

Educationally the State is the foremost of Brazil. A school is built wherever there are at least twenty-five children of school age. At present there are over 1,400 elementary schools and many secondary schools and colleges. There is one university and schools of music, law, medicine, dentistry, engineering, commerce and agriculture. The State possesses some very fine museums, theaters and other buildings of like character.

Agriculturally Sao Paulo is exceptionally favored for with a bracing climate it possesses a soil of great fertility. The State is the chief coffee producing centre of the world, supplying about 60 per cent. of the world's consumption. Over 2,000,000 acres are devoted to coffee growing representing an invest-

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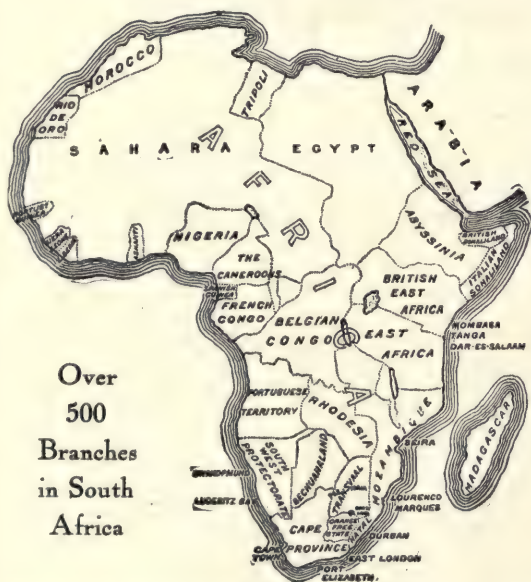
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ment of over \$500,000,000. Next in value among agricultural products are cotton and corn, then rice, beans and sugar. The value of the State's agricultural products in 1919 was \$239,000,000. Stock raising is carried on in the interior and the frozen meat industry is developing rapidly. There are four modern packing plants in the State among which are those of Armour & Company and Wilson & Company. The Armour plant is the largest in South America, and with the exception of the one in Chicago is the largest of their various plants. It represents an investment of about \$10,000,000 and has a daily capacity of 2,500 cattle, 3,000 hogs and 2,000 sheep.

Industrially the State is forging ahead rapidly. It is the great industrial center of Brazil. There are thousands of mills and factories turning out cotton, woolen and jute textiles, boots, hats, clothing and underwear, furniture, leather goods, glassware, earthenware, etc. The value of the output of the factories and mills in 1919 was about \$140,000,000. The jute bags used for sacking coffee are made by Sao Paulo factories, and the jute itself, formerly imported from India, is now being cultivated within the State. The City of



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Loading coffee at Santos

Sao Paulo is the second largest manufacturing city of South America. At least one-fifth of the estimated population of 500,000 is engaged in manufacturing and kindred pursuits. Many of the

State's industrial establishments obtain their light and power from the hydroelectric plants already constructed. There are many powerful waterfalls within the State and of the estimated available 3,000,000 H.P. only about 230,000 H.P. have so far been harnessed, this notwithstanding the fact that about 170 cities and towns now obtain light and power from existing plants.

Railroads connect up all the principal cities and important communities of the State. There are in operation at the present time about 4,300 miles, of which the State owns about 1,500 miles, valued at approximately \$25,000,000. Of these 1,500 miles, 1,100 miles comprise the Sorocabana Railway for the acquisition and ownership of which the State has outstanding about £5,000,000 sterling of its external bonds. All the railroads feed into the Sao Paulo Railway, the famous "coffee railroad" of Brazil, which runs from Jundiahy on the

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STATEMENT OF CONDITION MARCH 31, 1921

RESOURCES		LIABILITIES	
Cash on hand and in Banks.....	\$390,226.89	Capital.....	\$2,000,000.00
Due from Foreign Banks.....	1,860,487.45	Surplus.....	800,000.00
Current Accounts.....	650,374.97	Undivided Profits.....	303,806.89
Investments.....	1,000.00	Certified Checks.....	53,349.97
Demand Loans on Collateral.....	450,000.00	Due to Foreign Banks.....	397.30
Other Loans.....	20,000.00	Current Accounts.....	3,228,993.23
Bankers' Acceptances Purchased.....	2,873,989.40	Acceptances.....	2,736,704.22
Other Bills Purchased.....	191,958.99	Letters of Credit and Foreign Ac- ceptances.....	1,465,570.00
Furniture and Fixtures.....	4,180.72	Liability under Foreign Exchange Contracts.....	10,897,247.81
Accrued Interest, Commission and other Items Receivable.....	4,822.75	Balance Foreign Exchange sold, at current rates.....	1,614,792.08
Customers' Liability under Ac- ceptances and Letters of Credit.....	4,202,274.22	Reserved for Taxes, etc.....	59,525.35
Purchasers' Liability under For- eign Exchange Contracts.....	12,328,874.28	Unearned Discount, Commission, etc.....	86,411.16
Total.....	\$22,978,189.67	Other Liabilities.....	31,391.66
		Total.....	\$22,978,189.67

**A general foreign and international banking business in all its
ramifications transacted, with special facilities in connection
with France and the French Colonies and Dependencies**

plateau down to Santos on the coast, about 86 miles—the “neck of the bottle” through which practically all of Brazil’s coffee passes on its way to Santos for shipment all over the world. Sao Paulo has a greater railroad mileage than any other state of Brazil and its service is by far the most complete and efficient. The State is also the foremost in the number of its other public utilities. It is thoroughly modern in its equipment of telegraph, telephone, gas and electric light, electric power, and electric urban and interurban railway facilities.

Sao Paulo’s foreign trade, comprising over one-third that of all Brazil, shows increasing growth. Total foreign trade of \$106,000,000 in 1910 had risen to \$367,000,000 in 1919. A favorable trade balance of \$35,000,000 in 1910 had grown to \$176,000,000 in 1919.

The State’s credit in the money markets of the world ranks high. It has been prompt in meeting its obligations. Most of the State’s external loans have been placed in London and on the Con-

tinent. In 1907 and 1908, however, portions of two loans were brought out in New York. Both of these loans were retired before maturity as have been other loans issued by the State. The present outstanding debt, external (including the \$24,000,000 bonds referred to at the beginning of this article), internal and floating, is about \$93,000,000 or \$23 per capita, based on a population of 4,000,000. It is estimated unofficially that the total public and private wealth of the State is about \$4,000,000,000 or \$1,000 per capita.

Sao Paulo has been blessed in many ways. Located partly in the sub-tropical zone and partly in the temperate zone, it possesses the natural riches of the tropics with the added advantage of a healthy and bracing climate. The red soil of the high plateau, comprising the greater part of the State, is remarkably rich,—even for the tropics. Sao Paulo has no rigorous winters nor stifling summers. The “Paulistes,” as the energetic inhabitants of the State

are known, are largely of sturdy European stock. The Government of the State is intelligent and progressive. The people are prosperous and contented. There have been no political revolutions and very little labor unrest.

These are the factors that have contributed to the present day pre-eminence of Sao Paulo in the southern hemisphere. There are well informed judges of conditions in South America who believe that if Sao Paulo maintains its present rate of progress it will soon outdistance industrially the Buenos Aires sector of Argentina.

NOTE:—Dollar amounts given in the foregoing article, where derived from conversions of original statistics in Brazilian milreis, have been worked out on the basis of four milreis to the dollar approximately the average exchange rate for the past seven years. Pounds sterling have been converted on the basis of four dollars to the pound.

Great Britain

GOVERNMENT SURPLUS OVER £200,000,000

The British Government's fiscal year closed more satisfactorily than appeared possible a few weeks ago. The total revenue amounted to £1,425,984,666 and expenditures were £1,195,427,877, giving a surplus of £230,556,789. Under normal conditions this surplus would be utilized in redemption of the debt in the current year, but, with the exception of a small amount, it has already been used for meeting maturing obligations, including loan repaid to America, securities tendered in payment of taxes, exchequer bonds repaid, floating debt reduction and depreciation fund.

The prospect of trade revival, which recently looked rather brighter, has been spoiled by the grave coal crisis. It is difficult to say whether the industrial crisis will make or mar the prospects of an early reduction in the bank rate. At present, the feeling is that a lower rate is probable.

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INCREASED VALUE OF BRITISH EXPORTS

Figures of the British Board of Trade for 1920 show that England in that year was able to increase the value of its exports in eighty-five out of ninety-eight markets of the world, exclusive of British colonies overseas. The total increase amounted to more than £258,000,000, compared with a decrease with thirteen countries of approximately only £18,000,000.

In only five out of twenty-one European markets, two out of twenty-nine American markets and six out of nineteen markets of Africa, was there a decrease in value of commodities purchased from Great Britain. Excepting in the trade with Denmark, France, Switzerland and Russia, the decreases were comparatively minor. Exports were increased to all British countries,

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

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in many instances doubling and trebling the value of 1919.

India was Great Britain's best customer, France came second and the United States was third. Exports of British commodities to India and the United States more than doubled in value in 1920, compared to 1919.

The following table, compiled by the Bankers Trust Company, indicates the relative importance of Great Britain's overseas markets in 1920 and the increase in trade over 1919 (exclusive of British merchandise only):

GREAT BRITAIN'S BEST CUSTOMERS
(000 Omitted)

Exports to:	1919	1920
India	£70,860	£181,383
France	147,364	136,631
United States	33,913	77,131
Australia	26,306	62,485
South Africa	19,990	50,606
Belgium	47,980	49,126
Holland	34,316	47,914
Egypt	19,405	43,662
China	20,969	43,542
Argentina	21,217	42,839
Canada	15,994	42,782

British exports to Eastern Europe, including Austria, Hungary, Greece, Montenegro, Bulgaria, Serbia and Rumania, amounted in 1920 to £25,487,146, an increase of more than £10,000,000 over 1919.

France

STATEMENT OF FRENCH FINANCES

A recent statement issued by the French Commission in the United States declares there is considerable misunderstanding in the United States of the financial condition of the French Treasury.

"The factors which are essential to an analysis of the Treasury's standing," says the report, "are: A computation of France's national wealth (excluding colonies); a computation of the annual

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income of the French people; a statement of the national debt and its component parts; a statement of the State's expenditures and receipts; a statement of taxation imposed by the state, and a statement of monetary circulation.

"Estimates of the present national wealth of France vary from \$95,000,000,000 to \$110,000,000,000 gold; a conservative estimate would place the figure at \$100,000,000,000 gold or 500,000,000,000 francs gold.

"The national income of France for 1920 was about 128,000,000,000 francs. This figure is based on the value of goods manufactured, raw materials produced, transportation returns and personal services rendered during the year. Its computation was made after careful study by the Secretariat of the League of Nations. Of her total income France saved in cash and reinvested 33,500,000,000 francs in 1920.

"The national debt of France was estimated recently by M. Marsal, late French Minister of Finance, at 244,899,000,000 francs at par exchange (not including the recent 6 per cent loan amounting to 27,000,000,000 francs). Of the national debt 34,000,000,000 francs (par) is foreign debt. Against this foreign debt must be placed foreign credits of 13,000,000,000 francs, exclusive of the Russian debt to France, which amount to about 20,000,000,000 francs.

"The French budget for the current year totalled 47,932,538,415 francs; this budget was divided into two sec-

tions; the first, entitled ordinary expenditures (recurrent expenditures), amounting to 21,761,107,926 francs, being covered in full by taxation. The second section of the French budget is known as extraordinary budget (non-recurring expenditures). It provides the funds for reconstruction and pension purposes which are recoverable under the treaties of peace from Germany and her Allies.

"With a per capita annual income of 3,200 francs the Frenchman pays to the state in taxes 574 francs or 18 per cent of his revenue. This figure belies the belief that taxes are not adequate in France. Only one country in the world pays a higher rate, and that country is England, which suffered no destruction of her wealth producing power in the war. The Englishman pays 28 per cent of his income to the State. In Germany only 12 per cent of the per capita income is collected by the treasury, and in the United States only 8 per cent.

"The present circulation of the Bank of France is 37,913,005,430 francs. This circulation has been reduced by 1,706,148,940 francs during the last two months. The French Government, which owes the Bank of France 25,800,000,000 francs is obliged, under the terms of a law passed by the Chamber of Deputies early last year, to reduce this indebtedness at the rate of at least two billions per annum during the next twelve years."

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Italy

AMBASSADOR DISCUSSES DEBTS

Banks in Italy are reporting large profits and the condition of the government finances is regarded as more favorable, according to recent reports received at Washington from American consuls. The new Italian ambassador to the United States, Signor Rolandi-Ricci, adopted a decidedly hopeful tone in a recent interview in which he discussed Italian economic conditions and the prospects for payment of his country's debt to the United States, amounting according to Treasury reports, to \$1,631,000,000.

"The following is my precise opinion in regard to the American loans to Italy and the payment of said loans by Italy," said the ambassador. "Italy must,

through a revision of the accounts, ascertain the exact amount of her debt and then ask for a convenient period of time within which to pay it. This condition is essential, because otherwise it would be impossible for Italy to rehabilitate her financial condition which is in its turn the only way whereby Italy can pay her debt.

"Italy would naturally ask the preferred nation's treatment, meaning that in case of a cancellation or partial remittance of debt to any other nation, the same treatment be granted her. Like the United States, Italy entered the war without being forced to do so by any aggression and while the nations that had been attacked were in very difficult straits. Italy got nothing out of the war except her natural boundaries and such boundaries Italy conquered with her own military effort. Italy has, therefore, a political attitude and a public sentiment which agree completely with the political attitude and public sentiment of the United



BANCO DI ROMA

ESTABLISHED 1880

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Resources	.	.	.	\$650,000,000.00

[Five Lire = One Dollar]

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Asoli Piceno	Clusone	Mercatale	Rivarolo Canavese
Assisi	Colle Val d'Elsa	Messina	Rocchetta Ligure
Aversa	Como	Milan	Rome
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Bagni di Montecatini	Cremona	Montesampietrangeli	San Severo
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Benevagienna	Fermo	Monturano	degli Angeli
Bergamo	Fiesole	Naples	Saronno
Bibbiena	Figline Valdarno	Nardo'	Savona
Bisceglie	Florence	Nocera Inferiore	Segni-Scalo
Bologna	Foggia	Norcia	Stena
Bolzano	Foiano della Chiana	Novi Ligure	Signa
Borgo a Mozzano	Foligno	Oneglia	Siracusa
Bra	Forte dei Marmi	Orbetello	Squizzano
Brescia	Fossano	Orvieto	Tagliacozzo
Cagliari	Frascati	Orzinuovi	Terranova di Sicilia
Caltagirone	Frosinone	Pagani	Tivoli
Camaiore	Galliano	Palermo	Turin
Campiglia Marittima	Gallipoli	Pallanza	Torre Annunziata
Canale	Genoa	Parenzo	Torre del Passeri
Canelli	Giugliano in Campania	Perugia	Torre Pellice
Carate Brianza	Grosseto	Piadena	Trento
Carloforte	Gualdo Tadino	Pietrasanta	Trieste
Carru'	Gubbio	Pinerolo	Velletri
Casalbuttano	Intra	Plombino	Viareggio
Castellamonte	Ivrea	Poggibonsi	Viterbo
Castelnuovo di		Pontecagnano	Volterra
Garfagnana			

COLONIAL BRANCHES

Bengasi (Africa), Tripoli (Africa), Rhodes (Asia)

FOREIGN BRANCHES

France: Paris, Lyons. Spain: Madrid, Barcelona, Tarragona, Montblanch, Barlas Blancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano. Turkey: Constantinople. England: London (Representative) Malta. Asia Minor: Smyrna, Scalanova, Sokla. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem, Caiffa, Jaffa.

AFFILIATED INSTITUTION IN EGYPT

Banco del Levante—(Capital £1,000,000)

Alexandria	Monsourah	Beni Soueff	Fashn	Magagha	Mit Gamr
Cairo	Tantah	Bibeh	Fayoum	Mehalla Kebira	Zagazig
Porto Said	Beni Mazar	Dessouk	Kafr El Cheikh	Minieh	

Representative for United States and Canada

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中法實業銀行

Banque Industrielle de Chine

Capital Subscribed . . . Francs 150,000,000
 Capital Paid Up . . . " 75,000,000
 Surplus and Reserves . . . " 104,000,000
 Deposits " 1,120,000,000

The Chinese Government owns one-third of the Capital

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Central Office, Far East: Peking

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Canton
Foochow
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Hongkong
Swatow
Shanghai
Tientsin
Tsinanfu
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STRAITS SETTLEMENTS

Singapore

JAPAN

SIBERIA

MANCHURIA

DUTCH EAST INDIES

UNITED STATES

Yokohama

Vladivostok

Mukden

Batavia

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States. This, I think and hope, will facilitate my work here."

It was essential, the ambassador pointed out, that the internal finances of Italy should be set on a firm foundation before the country could undertake to settle its external obligations. Several sources of revenue in former years, he explained, had been lost, such as the large sums derived from tourists, heavy remittances that had come from Italians in the United States and revenue from the sales in this country of such Italian staples as fruits, olives, oil and wines.

An encouraging improvement in Italy's foreign trade position is evident from the figures recently made public by the Italian Embassy at Washington. From January 1 to November 30, 1920, imports to Italy were valued at 14,273,000,000 lire—a decrease of 688,000,000 lire as compared with the corresponding period in 1919; and exports from Italy were valued at 6,950,000,000 lire, which represents an in-

crease over the first eleven months of 1919 of 1,017,000,000 lire.

Italy's trade balance with the United States likewise is getting better. For the twelve months ended December 31, 1920, Italy exported to the United States merchandise valued at 75,357,579 lire, as compared with 59,060,065 lire in 1919; and during 1920, Italy's imports from the United States were valued at 371,767,274 lire as against 442,676,842 lire in 1919—a decrease of nearly 71,000,000 lire.

Germany

GERMAN ECONOMIC CONDITIONS

The Bank fur Handel und Industrie of Berlin has the following to say with regard to German conditions:

The outstanding features of Germany's political economy in 1920 were the incessant

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grave shortage of food and other necessities of life, as well as of important industrial raw materials, a lasting depreciation of currency, powerful rise in prices, continuous strikes and unrest among the working classes and, above all, the almost unbearable pressure exerted by the Peace of Versailles, which renders economic convalescence impossible, and the manner in which it is interpreted by the signatory powers.

Germany is unable at present and in the future will be unable to produce even a tithe of what is needed to render existence on a modest scale possible for her population and at the same time to satisfy the claims of the Peace Treaty and the supplementary agreements.

The tremendous set-back in agricultural production that commenced during the war by force of circumstances and was mainly caused by a lack of labor, grew in the revolutionary year of 1919, and found no alleviation in 1920. The surrender to Poland of important provinces that only reached their flourishing state thanks to German industriousness and are in the main German, such as the agricultural provinces of West Prussia and Posen, the ill-timed and very extensive strikes of farm-hands, and especially the shortage and excessive prices for indispensable fertilizers and fodder have changed Germany, which up to 1914 produced the greatest part of her vegetable and animal food herself, into a country largely dependent on imports. And this at a time when, owing to the tremendous depreciation of money and the equally tremendous indebtedness of the state the importation of even the barest necessities of life is synonymous with further gigantic monetary sacrifices and an increase of the National Debt.

The manifold difficulties agriculture has to contend with have, we regret to say, influenced the harvest of 1920 in an even more unfavorable degree than was at first assumed, and to satisfy the barest demands of the populace for bread, flour, fat and meat considerably increased imports will be necessary for the current year, which, as the mark now stands, will swallow up unproportionately large sums.

Australasia

ISSUE FUNCTION TO COMMONWEALTH BANK

Under provisions of an act approved November 30, 1920, the note issue function is transferred from the Commonwealth treasury of Australia to the Commonwealth Bank of Australia. The

PARK-UNION FOREIGN BANKING CORPORATION 58 Wall Street, New York

THE total resources of this Bank are over twenty-two million dollars. Our Foreign Exchange Department is taking care of the foreign exchange business in sterling, francs, lire and marks as well as Scandinavian, Central European and Far Eastern exchange for over two hundred banks within the United States, for many foreign banks and commercial firms. This enables us to offer unsurpassed facilities for buying and selling foreign exchange.

Capital (fully paid) - \$4,000,000

Surplus and Undivided

Profits - - - \$621,000

OFFICERS

CHARLES A. HOLDER - President

T. FRED ASPDEN - Vice-President

E. B. MACKENZIE - Sect'y & Treas.

bank is to be reorganized somewhat along the lines of the Bank of England, with an issue department distinct from the banking department. The issue department will be controlled by a board consisting of four directors appointed by the governor general, one of whom shall be the governor of the bank, one a representative of the secretary of the treasury and two outside business men. The new Australian notes will be similar to Federal Reserve notes or the United States in that, while issued by the Commonwealth Bank, they constitute an obligation of the Commonwealth Government. They differ from Federal Reserve notes in that they are legal tender.

Prior to 1910 the bulk of the circulation in Australia consisted of notes of the commercial banks and of metallic money. Between 1910 and 1914 commercial bank notes had decreased to a

The Yokohama Specie Bank, Ltd.

[Yokohama Shokin Ginko]

HEAD OFFICE, YOKOHAMA, JAPAN

Capital Subscribed .		.. Yen	100,000,000
Capital paid up Yen	100,000,000
Reserve Fund Yen	50,000,000

(¥0.50=1 Yen)

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Batavia	Chi-Nan	Harbin	London	Osaka	Shanghai	Tientsin
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Buenos Aires	Fengtien	Honolulu	Manila	Rangoon	Singapore	Tsingtau
Calcutta	Hamburg	Kaiyuen	Nagasaki	Rio de Janeiro	Soerabaya	Vladivostok
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very small amount, their place being taken by Australian notes issued by the treasury. During the war the amount of coin and bullion in circulation and in the hands of the banks decreased considerably, as the treasury made efforts to concentrate the gold in its vaults. On the other hand, Australian notes in the hands of the commercial banks increased from about 5 millions in 1914 to 35 millions in 1920.

NEW ZEALAND ACTS ON MONEY SITUATION

The Guaranty Trust Company of New York was informed by cable recently that the New Zealand Government had taken extraordinary measures to relieve the money situation in that country. Following an increase of the overdraft rate to 7 per cent. by the banks on March 1, legislation was proposed which would permit the offering of public loans at more than the 5¾

per cent. rate hitherto fixed by law. Provision has now been made for the extension of due dates to May 31 in the case of money deposited with local individuals, companies and firms other than banks, and the depositary before that date may notify depositors that a further extension to December 31 is required. In the event of such an extension being required, however, the rate of interest is to be raised one per cent. above the rate agreed upon.

In Australia, where the credit situation is also far from normal, no such extraordinary measures have been taken. The Guaranty was advised by the National Bank of Australia, under date of December 23, 1920, that a return to normal exchange conditions between the Australian Commonwealth and London was not expected until June of this year, and that this expectation was based upon the hope of a satisfactory realization on stocks of Australian wool and wheat then on hand.

Finding the Right Bank

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India

THE IMPERIAL BANK OF INDIA

Through a consolidation of the presidency banks of Bengal, Bombay and Madras, which have been in business since the beginning of the nineteenth century, the Imperial Bank of India has been formed. The bank began operations January 27 of this year.

The amalgamation came as the result of a law approved on September 19, 1920. The presidency banks have acted as fiscal agents of the government. Their business has been rather strictly circumscribed geographically and they were required to carry large cash reserves and were prohibited from engaging in foreign exchange transactions. They have acted to a considerable extent as bankers for the exchange banks. Besides the presidency

banks, amalgamated now into the Imperial Bank of India, which had about sixty branches, there are in India forty-five branches of exchange banks with head offices outside India, whose business is mainly to finance foreign trade and to deal in foreign exchange. In addition, there are about sixty or seventy joint-stock banks with over 150 branches, doing a local business, and subject to a rather high rate of business mortality. All told, there are then about 250 banks and branches in India, situated in about 150 towns, or in about 20 per cent of the towns having a population of 10,000 or more.

The Imperial Bank of India has a branch in London, which, however, may open accounts for or receive deposits only from persons who are or have been customers of the Imperial Bank or of one of the presidency banks of India. The bank's sales or purchases of bills payable outside of India are restricted to bills of such banks as the governor general in council may approve. These

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Surplus and Undivided Profits more than \$2,000,000

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for Trade with the Orient

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CANTON
SINGAPORE

This Corporation invites conferences with those desirous of entering into trade relations with China or other sections of the Orient, as well as with firms who wish to extend their business with those countries.

provisions are intended to prevent interference of the Imperial Bank with the business of established banks in London.

The Imperial Bank of India is owned by the shareholders of the three amalgamated presidency banks. Although the bank is to act as fiscal agent of the government and to carry all the government balances, the government will not participate in the bank's profits for the first three years, largely for the reason that the establishment of new branches, which the bank is obliged to undertake, will involve for the immediate future considerable unprofitable business. Moreover, the bank is to be compensated for its work as fiscal agent in connection with the handling of government securities and coupons. At the end of three years the proposed plan is to determine on the basis of actual experience whether and to what extent the government is entitled to participation in the bank's profits.

The government is represented on

the central board of governors of the Imperial Bank of India by the controller of the currency or some other officer selected in his place by the governor general and by not more than six other persons nominated by the governor general. These members may attend meetings but may not vote.

The arguments used in favor of the creation of the Imperial Bank of India were as follows:

1. That extension of banking facilities in India was greatly needed, as it was "useless to educate people into a willingness to follow civilized habits as regards keeping their money if there are not at hand banking facilities for them to do so." It is proposed to open within five years, no less than 100 new branches.

2. It is true that the presidency banks, to a considerable extent, have acted as bankers for local banks, but this consolidation will materially increase their ability to assist the other banks through the rediscount of domestic bills of exchange, known generally as "hundis."

3. An amalgamation of the three presidency banks, together with the establishment of many new branches, would facilitate

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the handling of the public debt. So long as government securities were held by a small number of large investors transactions in connection with the debt could be conducted satisfactorily by a few large banks, but with the enormous war expansion of the debt and its widespread ownership among the masses of the population who have purchased bonds of the Indian war loans, it has become necessary to afford facilities for cashing coupons, paying off maturing obligations, etc., in a large number of small communities.

4. The amalgamation of the three banks would make it possible to abolish government reserve treasuries by transferring their business to the Imperial Bank.

South Africa

IMPROVED BUSINESS CONDITIONS FORECAST

Prospects of improved trade conditions at an early period, and promises of government protection for native industries foreshadowed by election

speeches, have occasioned a more optimistic undercurrent in South African business than has been evidenced for some time. According to cabled reports covering business conditions in South Africa to R. E. Saunders, New York agent for the National Bank of South Africa, 10 Wall Street, while the general situation in the Union is far from normal, business men generally regard it as far less critical than expected.

"Although it is difficult to cite any tangible improvement," the report to Mr. Saunders states, "an optimistic undercurrent is evidenced, and prospects of trade improving within a measurable period appear more promising. A quieting feature is the drop in the gold premium, which is causing some concern, owing to its probable effect upon the low grade mines."

The employment situation, which has been difficult for some months, is said to have become considerably worse, although many local manufacturers are showing less reluctance in engaging new

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Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

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hands, owing to their interpreting certain government election speeches as foreshadowing a policy of protection for some industries.

Many influencing factors, natural as well as economic, have tended to make the South African business situation more than usually difficult, among them being the severe drought in the Western Transvaal and parts of the Orange Free State and the Cape Province, which has practically paralyzed the farming industry. The superintendent of labor, after touring the stricken areas, states that distress is generally prevalent. This, together with the slump in the value of diamonds which has caused many diggers to abandon their claims, has tended to complicate the labor situation.

There has also been a wholesale dumping of commodities from overseas, states the report, especially in boots and shoes, which has continued for some months past without cessation, and which has acted detrimentally to the

leather trade. It is estimated that as a result practically 90 per cent. of the leather operatives are idle. A special committee of the government advisory board is now investigating the matter.

Arrivals of merchandise continue to be heavy and stocks of soft goods, calicoes, Manchester goods, clothing, hosiery, woolens, drapery, and fancy goods are being sold at auction. Considerable quantities of German hollowware are entering the markets, being evidently speculative cargoes consisting of galvanized buckets, enamel and aluminum ware, which are being auctioned at below landed costs.

In the various commodity markets trade is quiet. The iron and engineering shops report very few orders on hand. In the piping and metal lines business is quiet, and the mines have adopted a cautious policy of buying only for their immediate needs.

Orders for electrical goods are not plentiful and business is slack, though there is a continued shortage of half



Banking Service in the Far East

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INDIA
Amritsar
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Calcutta
Cawnpore
Delhi
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Madras
Tavoy

JAPAN
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Capital and Reserve
Over \$24,000,000

watt lamps. American makes which have arrived recently are said to have proved unsuitable for the shops. Electrical material is arriving well, however, and prices show a slight receding tendency, a reduction of 5 per cent. being made in some instances.

While the market for agricultural machinery is practically at a standstill, due to the fact that many of the farmers have lost their purchasing power owing to the drought, there is an unprecedented demand for spare parts.

Advices from Durban state that considerable recent improvement has been evidenced in the wool market. Competition is erratic, but more general owing to the entry into the market of Bradford buyers. There has also been a number of inquiries from American and Japanese sources, subject to early shipments.

Despite the unfavorable conditions in the market recently, imports into the Union during the eleven months to November, 1920, show a large increase

over the preceding year. In several instances increases of more than 400 per cent. have been noted, especially in foodstuffs and beverages, wheat, flour, coffee and whiskey. Cotton goods increased 100 per cent. and boots and shoes, iron, steel and manufacturing machinery showed an equal advance in value.

In Rhodesia, trade is reported as generally quiet, but the tobacco crop promises favorably. In the South-West Protectorate, trade is dull, but numerous applications are being made for farms advertised for settlement purposes.

Scandinavia

SWEDISH BANK REPORTS

Wermlands Enskilda Bank of Karlstad, Sweden, reports net profits of 6,547,000 kroner for 1920, and the

Judgment based on facts

The difficult period of readjustment through which we have been passing has its reflection in our business relations abroad. The slump in our own markets for coffee, hides, wool, for even such purely domestic products as wheat, cotton and steel, has a depressing effect the world over.

A period of readjusting values compels careful and trained judgment based on facts. Today, as never before, our foreign trade demands the same care and attention which we readily bestow on our domestic business.

No one realizes more clearly the necessity for positive knowledge of current conditions abroad than the American bank with close foreign connections through branches and affiliations. This bank keeps in close touch with business movements abroad through the medium of trained observers here who are in constant communication with its foreign organization. The specialized knowledge of these men constitutes one of the most valuable phases of the bank's service at the present time.

This bank welcomes an opportunity to furnish information on the trend of business and financial conditions in Latin America, France, Spain and Germany.

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board of directors has proposed a dividend of 22 per cent. One million kroner has been added to special reserve, and the bank's capital and surplus now totals more than 52,000,000 kroner.

Nordiska Handelsbanken, Gothenburg, Sweden, reports net profits of 6,493,000 kroner for 1920, and present capital and surplus of 72,000,000 kroner.

Deposits of Malareprovinsernas Bank, Stockholm, are 323,000,000 kroner, and total resources are 434,970,000. Net profits last year were 5,667,000 kroner.

NO DANISH ACTION ON EXCHANGE EXPECTED

According to advices from the Scandinavian representative of the Liberty National Bank of New York, it is altogether unlikely that Denmark will adopt any extensive protective measures to effect an improvement in the country's balance of trade and the consequent position of Danish exchange. In a re-

cent public address Prime Minister Neergaard opposed the establishment of added import restrictions and other demands of Danish industry. The government, he said, would not agree to any measures that would hamper foreign trade or tend to halt the present decline in prices.

NORWEGIAN VIEW OF INDUSTRIAL PROSPECTS

In a review of industrial conditions in Norway during 1920 and of the immediate prospects, *Farmand*, the leading Norwegian trade journal, concludes:

"Generally speaking, the leading manufacturing industries of Norway at present find themselves under a spell of decline and inactivity which is being regretted far beyond the industrial community proper.

"The only bright spot is that the present situation is a necessary transitory stage in the process of readjustment as to prices, wages and cost of production, without which it is impos-



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JOSEPH McCURRACH, Agent

Head Office: Lisbon, Portugal

sible to establish our economic life on a sound and reliable basis."

Far East

CHINESE CONSORTIUM APPROVED BY U. S.

Secretary of State Hughes has made public a letter which he sent recently to J. P. Morgan & Co. informing them of the approval by the Government of the international consortium for financing China. The project had been approved by the Wilson Administration.

The letter of Mr. Hughes was addressed to J. P. Morgan & Co. as one of the American group of bankers in the consortium project, the other American members being Kuhn, Loeb & Co., the National City Bank, Chase National Bank and Guaranty Trust Company of

New York, the Continental and Commercial Trust and Savings Company of Chicago and Lee, Higginson & Co. of Boston.

At the same time there were made public the principal notes and documents exchanged between the interested governments and banking groups concerning the consortium, as well as the text of the agreement, signed by the banking groups representing the United States, England, France and Japan.

These documents, which were also released for simultaneous publication in Washington, London, Paris and Tokio, show that the Japanese government did not give its assent to the consortium until after a long exchange of notes and memoranda with the British and American governments over the Japanese contention that Manchuria and eastern inner Mongolia should be excluded from the scope of the consortium.

The American and British governments opposed this and insisted that the claims of Japan could not be recon-

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and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	. . .	\$12,500,000
Paid-up Capital	. . .	3,750,000
Reserve Capital	. . .	3,750,000
Subscribed Capital	. . .	7,500,000
Reserves	. . .	2,825,000
Surplus over Liabilities	. . .	10,325,000

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ciled with maintenance of the independence and territorial integrity of China, which Japan had pledged itself to observe.

Japan's proposed reservations in favor of exclusion of Manchuria and eastern inner Mongolia from the scope of the consortium were regarded by the British and American governments as an attempt to introduce political pretensions in a project which the British, French and American governments and their banking groups had treated in a self-denying spirit with the purpose of eliminating what Secretary Lansing characterized as "complicated political motives."

Secretary Hughes' letter to the American group was as follows:

March 23, 1921.

Messrs. J. P. Morgan & Co., for the American group, 23 Wall Street, New York.

Gentlemen: I have received the letter of March 10, 1921, in which you request that I advise you whether the policy of the department of state, in encouraging American

interests in the assistance of China through the operations of the international consortium, is in accordance with my views and, therefore, receives my approval; and in which you state that the operations of the consortium are in no way designed to interfere with the private initiative of our nationals or those of any other country, that it does not propose to undertake any mercantile, industrial or banking projects, but plans only to help China in the establishment of her great public utilities such as the building of her railways, canals, &c., thereby assisting in stabilizing China economically and financially, and making that field a safer one for the initiative of our citizens in private enterprises in commerce, industry, &c.

In reply I am happy to advise you that the principle of this co-operative effort for the assistance of China has the approval of this Government, which is hopeful that the consortium constituted for this purpose will be effective in assisting the Chinese people in their efforts toward a greater unity and stability and in affording to individual enterprises of all nationalities equality of commercial and industrial opportunity and a wider field of activity in the economic development of China.

I am, gentlemen, your obedient servant,
CHARLES E. HUGHES.

NATIONAL DEBT OF JAPAN

A statement on the Japanese national debt at the close of 1920 was issued by the Far Eastern division of the bureau of foreign and domestic commerce recently, as follows:

The national debt of the Japanese Government at the close of 1920 amounted to 3,678,255,883 yen, according to the January issue of the monthly circular of the Yokohama and Tokio Foreign Board of Trade. Of this amount internal loans amounted to 1,686,744,851 yen, foreign loans 1,428,293.53 yen, special treasury bills 533,217,500 yen, and finance department certificates 30,000,000 yen.

The sterling debentures of the South Manchurian Railway Company, Ltd., were all issued in December, 1920, and of the 5 per cent. exchequer bonds, under internal loans, 49,296,025 yen were issued last December.

Russia

AMERICAN ATTITUDE TOWARD THE SOVIETS

The success of any plan for the resumption of trade with Russia, by any country and on whatsoever basis, is conditional on the realization of various representations which have been made by the Soviet government, according to the current issue of *American Goods and Foreign Markets*, the international trade survey of the Guaranty Trust Company of New York. If the Russians have put their government on a sane basis; if that government represents a majority of the people and is willing to live up to its obligations, there can be no question but that the United States, or any other country now inactive in that great potential market, should proceed with negotiations for re-establishing trade relations, the bank says. Without the fulfillment of these conditions, Russia's foreign commerce is doomed to prolonged stagnation.

The survey continues, in part:

"In replying negatively to the recent

Soviet proposals, Secretary of State Hughes has wisely declared this country's sympathetic attitude toward the plight of the Russian people and has left the whole question open to further negotiation. He has clearly expressed this country's desire 'to have convincing evidence' of the consummation of any contemplated changes in the economic system of Russia, and at the same time has rightly emphasized that 'until this evidence is supplied, this government is unable to perceive that there is any proper basis for considering trade relations.' The conditions set forth in the reply are in the best interest of the Russian people, and if the appeal could be disseminated among the mass of these whom the Bolshevik government claims to represent, there would be a far brighter prospect for getting at the root of 'the present causes of progressive impoverishment.'"

AMERICAN GOODS LEAD IN RUSSIAN TRADE

Despite the new trade agreement between Great Britain and Soviet Russia, the largest proportion of the extremely small amount of goods entering Russia through Esthonia continues to be of American origin, according to a recent Associated Press dispatch from Reval.

One freighter in that port recently unloaded 100,000 pairs of American shoes and a quantity of leather for shipment into Russia, while another American steamer similarly laden has arrived there. These deals were negotiated by the Robert Dollar concern some months ago.

Reval has been considered the most important port of Russian imports, but the official statistics published by the Esthonian government show that only 15,569 tons of goods were in transit to Russia through Esthonia from Reval from January 1 to March 31, or about five or six average shiploads. The shipments included 3,528 tons of agricultural machinery, 2,826 tons of textiles and footwear, 1,458 tons of miscellaneous machinery, 620 tons of leather and 492 tons of drugs.

National Bank of Commerce in New York

James S. Alexander, President

Vice-Presidents

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**Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars**



The docks at Reval are still congested with shipments of machinery, some of which are held up for lack of railway transport, and others because of reported financial hitches after their arrival.

No Russian goods were exported through Esthonia during the first three months of the present year.

The latest issue of *Economic Life*, published in Soviet Russia, says that in February Russia imported 1,401,250 poods (about 25,271 tons) of all commodities, of which 1,261,000 poods were coal from the United States going to Archangel and Murmansk. The exports, it is stated by the same publication, were only 132,575 poods (about 2,386 tons), including lumber to England and flax to Letvia.

There recently has been a considerable decrease in the number of American and English tradesmen in Reval.

Mexico

MEXICAN TRADE POSSIBILITIES

That a new understanding must be reached between American exporters and Mexican buyers was the opinion expressed in a report made public recently by the Irving National Bank of New York from Joseph W. Rowe, its representative in Mexico City.

Americans were cautioned that the abnormal conditions which have ruled for the last few years cannot continue to dictate our commercial policy, and that a sound and mutually fair credit arrangement must be made. The United States merchant or manufacturer, Mr. Rowe wrote, should treat Mexico as a permanent domestic market and become familiar with local credit requirements,



The Bank's Guardian Service To Travelers

The Summer Vacation Season Is Here!

Every bank has a guardian interest in the vacations of its patrons; and *may* have a profitable service interest in the personal vacation of its community—week-ends or months. Not *where* people go, here or abroad, or their *method* of travel; but *how* their traveling money is made *most convenient and safe-guarded*.

Foreign Offices

GREAT BRITAIN

London
Liverpool
Southampton
Edinburgh
Glasgow

FRANCE

Paris
Bordeaux
Havre
Nice
Marseilles

EGYPT

Cairo

ITALY

Rome
Naples
Genoa

BELGIUM

Antwerp
Brussels
Ostend

HOLLAND

Rotterdam

SCANDINAVIA

Copenhagen
Christiania
Stockholm

SWITZERLAND

Lucerne
Zurich

GERMANY

Berlin
Bremen
Hamburg
Coblenz

SOUTH AMERICA

Buenos Aires
Montevideo
Valparaiso

THE ORIENT

Yokohama
Kobe
Hong Kong
Shanghai
Manila, P. I.

CANADA

Montreal
Toronto

American Express Travelers Cheques

Answer the Question

No need to explain to a Bank the convenience and money-safety value of these Cheques. Thirty years' test by the American Express Company's world organization has established their most practical uses under all conditions in all lands. Enough to explain the demand which travelers will make on Banks throughout the country for these Cheques; and to assure these Banks of our desire to serve them in their Guardian service to Travelers.

Through the medium of advertising in national publications, 20,000,000 people a month, every month of the vacation season, will read of the advantages of *American Express Travelers Cheques*.

A display line in each advertisement:—"Buy them at Banks" will send the great bulk of travelers for pleasure or business to the Banks selling these Cheques.

In fairness to these applicants give them American Express Travelers Cheques, the safest and best travel funds:—Dollar Cheques, acceptable the world over; the only Sterling and French Franc Cheques; and our Letters of Credit, convertible abroad into Travelers Cheques without extra cost.

AMERICAN EXPRESS COMPANY

65 BROADWAY, NEW YORK

29 Luckie Street, Atlanta, Ga.

Market Street at Second, San Francisco, Cal.

Ninth & Locust Streets, St. Louis, Mo.

32 North Dearborn Street, Chicago, Ill.

231 St. James Street, Montreal, Canada



THE NATIONAL BANK OF THE REPUBLIC OF CHICAGO

Is prepared to render
exceptional service
in exceptional times

RESOURCES
over
\$ 41,000,000

so as to grant such terms as the business rating of the purchaser justified.

If the buyer in Mexico must pay for American goods sixty or ninety days before he receives them, the report said, and then must give sixty or ninety days' credit to the domestic purchaser, it was obvious that he would prefer the easier terms which European competitors offer him, and the United States would be in danger of losing this rich and promising market.

Four distinct causes have combined to create present conditions in Mexico, Mr. Rowe explained—the long period of internal warfare, the war in Europe, transportation difficulties and the terms on which goods must be sold in domestic transactions. Until General Carranza began his campaign to oust Victoriano Huerta from the dictatorship, revolutionary activities had had little effect on the nation's foreign commerce. A great part of the country's needs had been supplied by European firms, which sold on long-term credits and frequently granted time extensions.

The Mexican merchant sells only a

small portion of his imported goods for cash, the report continued. Usually, when he ships to his customers he mails a bill which apparently makes the sale a cash transaction. In reality, the sale is made on open account. The average time granted is sixty days, which means—when delays due to slow mails and other causes are taken into account—that payment is made in about ninety days. As a rule, a draft is attached to the documents only when the purchaser is not considered a first-class risk.

Philippine Islands

TRADE INCREASED IN 1920

The foreign trade of the Philippine Islands in 1920 amounted to \$300,562,138.00, an increase of about \$64,000,000 over that of 1919. These figures are the highest in the history of Philippine commerce and were attained in spite of the premium on the American dollar,

NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

HEAD OFFICE, HAVANA

W. A. MERCHANT, President

JOSE LOPEZ RODRIGUEZ—M. ESCOBAR—V. VIDAL—Vice-Presidents

C. M. SOTOLONGO, Cashier

Capital, Reserve and Undivided Profits - \$15,447,220.18

Assets in Cuba - - - - \$238,809,410.20

125 Branches and Agencies on the Island

2 " in Spain (Madrid-Barcelona)

Member American Bankers Association

Sole Depositary and Fiscal Agent of the Government of Cuba

Offers to Bankers and Merchants throughout the world,
unsurpassed service for facilitating trade with the
rapidly growing markets of Cuba.

ASSOCIATE BANK IN NEW YORK

BANK OF CUBA IN NEW YORK

34 WALL STREET

which ranged from 3 per cent. to 12 per cent. during the year.

The total imports amounted to \$149,438,282.50, and the exports, \$151,123,855.50. In 1919 the imports and exports were valued at \$118,639,052.00 and \$113,117,826.00 respectively. The United States contributed 62 per cent., or \$92,289,778.00, of the imports, and absorbed 69 per cent., or \$105,216,262.50, of the exports.

The biggest item in the year's export trade was cane sugar, which was valued at \$49,619,260.00, of which \$39,348,934.50 worth was consumed by the United States. Next to sugar was Manila hemp, with a total of \$35,862,000.00, of which \$20,614,026.00 went to the United States. Also, the United States absorbed practically all the coconut oil shipped from the Philippines, amounting to \$23,268,886.50, and \$10,546,303.50 of the cigar exports valued at \$12,721,138.00.

Significant increases were registered in the import trade. The total value of

the automobile imports was \$7,460,683.00, compared to \$4,802,324.50 for the year 1919. Cotton and manufactures totaled \$10,117,182.50, as against \$7,409,135.00 for 1919. The imports of iron and steel products amounted to \$21,879,602.00, representing a decrease of \$487,985.00 from that of 1919. Wheat flour importation was \$4,721,076.00, an increase of \$256,493.00 over that of 1919.

Cuba

TWO CUBAN BANKS TO BE REORGANIZED

The great drop in the price of sugar with the consequent financial stringency in Cuba has resulted in the suspension of payments by the Banco Nacional de Cuba. Both this bank and the Banco

The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

(\$0.50 = 1 peso)

Capital fully paid-up (pesos) 6,750,000.00

Reserve Funds 4,900,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

AGENTS

London: Nat'l Bank of Scotland, Ltd.
Spain: Banco Hispano Americano
Hongkong: Netherland India Com'l Bank
San Francisco: Wells Fargo Nevada Nat'l Bank
New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte
Australia: Bank of New South Wales
Shanghai: Bank of Canton, Ltd.
Chicago: Continental & Commercial Nat'l Bank
Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

Espanol de la Isla de Cuba are to be reorganized, it is reported.

Dr. Ramon G. Mendoza, first vice-president of the Banco Nacional de Cuba, who visited New York recently, had the following to say with regard to the suspension:

"The bank was compelled to suspend payment because it has vast amounts of moneys loaned out to sugar planters and there is no market for sugar. The bank is deprived of money from that source. Also all credits and collections are being paid very slowly because the debtors, mostly sugar planters or people who have business with them, have no means of converting their sugar into money.

"The bank is in a very strong position and it has only been the deficiency of currency which has caused the trouble. Our institution has over \$30,000,000 of mortgages, bonds and assets which it could use as collateral, and had the necessary funds been available this most adverse event would not have

taken place. I am fully confident that should the necessary resources be obtained the bank could pull out of this difficulty and repay within a reasonable period of time, depending largely on the price of sugar during the next two years.

"The Banco Nacional de Cuba has recently been reorganized. The best element volunteered to render assistance by lending their names, influence and prestige toward preserving the bank as a Cuban corporation.

"I have full confidence that the Banco Nacional will survive the present vicissitudes and will come out victorious."

The Bank of Cuba in New York, at 36 Wall Street, is to be liquidated. It is closely affiliated with the Banco Nacional de Cuba. The deposits of the bank are reported to be covered by almost double their amount in cash, loans and discounts.

Reorganization of the Banco Espanol de la Isla de Cuba at Havana is proceeding, according to a recent cable to

Our Service to Banks and Bankers

COLLECTIONS: A special division of our Foreign Department, modernly equipped, will effect collection of clean or documentary bills on any place in the country. Our terms cheerfully furnished upon request.

LETTERS OF CREDIT: Banks or Bankers desiring to issue Letters of Credit payable in Cuba are invited to correspond with us and we will arrange for cashing same at our Head Office or at any of our 90 branches, **FREE OF COMMISSION.**

TRAVELERS AND REPRESENTATIVES: When recommended to us by any American Bank or Banker will be introduced to Cuban Importers and merchants dealing in their line. We have a **COMMERCIAL DEPARTMENT** specially adapted for this service.

CREDIT INFORMATION: Our **INFORMATION DEPARTMENT** will furnish reliable data regarding the financial standing and character of Cuban firms. This service is **FREE** to Banks and Bankers doing business with us.

We Cordially Invite Your Correspondence



Foreign Department

Head Office, Havana, Cuba

London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C. 2, LONDON.

Agency: MANCHESTER, 86 Cross Street

Paris Branch: 16 Rue Halevy.

Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - - -	(\$5=£1.)
SUBSCRIBED CAPITAL	- - - - -	\$20,000,000
PAID-UP CAPITAL	- - - - -	15,000,000
RESERVE FUND	- - - - -	10,200,000
		1,500,000

DIRECTORS.

E. ROSS DUFFIELD, Esq.
RICHARD FOSTER, Esq.
FOLLETT HOLT, Esq., M. Inst. C.E.
KENNETH MATHIESON, Esq.

J. W. BEAUMONT PEASE, Esq.
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BANKERS: BANK OF ENGLAND;

LLOYDS BANK, LTD.: LONDON COUNTY WESTMINSTER AND PARRS BANK, LTD.

BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Macelo, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curityba, Pelotas, Porto Alegre, Rio Grande do Sul, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago, Antofagasta. UNITED STATES OF COLOMBIA:—Bogota. PARAGUAY:—Asuncion.

Correspondents in all other places of importance in these South American Countries

Documentary Bills Bought, Advanced Upon or Received for Collection. Drafts and Cable Transfers Sold on all Branches and Agencies. Commercial and Travelers Letters of Credit Issued.

New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

the *Journal of Commerce* at New York. This bank, one of the largest in the island, was one of the three affected by the moratorium in Cuba.

Plans are said to call for increasing the capital to \$40,000,000. It is reported that two New York and two London banks are interested in the reorganization and may take some of the stock. Senor Amadeo Alvarez Garcia, who controls the Banco Gijon Espana and Hispano-Americano at Madrid, Spain, was recently in Cuba working with Senor Jose Marimon, president of the Banco Espanol de la Isla de Cuba, on reorganization plans. The Spanish bank also is expected to subscribe for a substantial amount of shares in the reorganized bank. The Spanish and Cuban bank presidents have left Cuba for New York and are expected to visit London in the interests of the reorganization.

A Cuban commercial newspaper, *Mercurio Diario Comercial*, has announced that the name of the reorgan-

ized bank probably will be Banco Espanol de las Americas.

POLITICAL SITUATION CRITICAL

The excitement growing out of the presidential election in Cuba seems to have abated little. The defeated Liberal candidate, Gen. Jose Miguel Gomez, whose followers for the most part did not vote at the special election held under the supervision of Gen. Enoch Crowder, special representative of the United States, has paid a visit to Washington to urge a new election under an American provisional government, if necessary. He charges that Liberal voters were disfranchised and that his successful rival, Alfredo Zayas, was insured election by a military conspiracy.

Early in April, when the Cuban House of Representatives met to proclaim the election of the new president, a quorum was not present, owing to the failure of the Liberal members to ap-

pear. With the term of President Menocal ending in May, some action will have to be taken soon to insure the continuance of a constitutional government.

Despite the political turmoil, economic observers appear hopeful of a weathering of the recent financial storm by the island republic.



International Banking Notes

As the result of the overhauling of its finances, the Hungarian government has made the crown worth $2\frac{1}{2}$ Austrian crowns. Hungary, the finance minister explains, has ceased to issue bank notes without funds to back them. The expenditures, for the

first time in many years, have been covered by the revenue. The monthly deficit last year was about 800,000,000 crowns.



The last annual statement of the Credit Commercial de France reflects the soundness of the French banking situation. As pointed out by the bank's New York representative, Maurice Trembley, 52 Broadway, "a comparison of the bank's quick assets with its current or sight liabilities shows a condition of 100 per cent. liquidity which we proudly maintain in spite of the trying business conditions through which the world is passing."

The quick assets, the statement shows, total 1,149,687,838.12 francs while the current liabilities are 1,110,024,707.05 francs.

Following is the balance sheet of this bank as of December 31, 1920:

ASSETS

QUICK ASSETS

		Francs
Cash on hand, in Bank of France and with French Treasury	97,497,916.05	Centimes
Balance in banks.....	112,850,004.09	210,347,920.14
Bills, drafts, etc., and national defense notes.....		932,307,303.22
Coupons		7,032,614.76
		<hr/>
		1,149,687,838.12

TIME ASSETS

National defense notes (more than three months).....	3,392,083.00
Bills, drafts, etc. (outstanding paper).....	30,434,555.79
Loans on securities.....	7,129,231.05
Current accounts	197,171,245.85
Current accounts, secured.....	183,899,142.81
Acceptances	9,149,407.10
Foreign exchange guaranteed (as per contra).....	87,506,073.74
Various securities	4,506,984.81
Participations	2,640,728.98
Real estate	13,168,360.62
Sundry assets	11,480,188.06
	<hr/>
Total.....	1,700,165,839.93

LIABILITIES

Capital stock	120,000,000.00
Legal reserve fund.....	3,128,132.50
Surplus special reserve fund.....	3,128,132.50
Extraordinary reserve fund.....	20,862,798.97
	<hr/>
	27,119,063.97

CURRENT LIABILITIES

Current accounts and correspondents (sight dep.).....	1,110,024,707.05
---	------------------

TIME LIABILITIES

Deposits	308,163,198.34
Acceptances	9,149,407.10
Foreign exchange, guaranteed (as per contra).....	87,506,073.74
Sundry liabilities	24,997,671.73
Profit and Loss—Amount carried forward from previous year	143,261.65
Profits for the year.....	13,062,456.35
	<hr/>
Total.....	1,700,165,839.93

Nordisk Bankinstitut A/S

Christiania, Norway

Paid up capital of 8 Million Kroner

Makes American business a specialty and offers its services to banks and bankers in the United States of America.



The American Express Company recently organized a foreign trade service designed to aid the American manufacturer with surplus stocks to find a market abroad without being unduly hampered by the fluctuations of exchange or restrictions of credit. The goods are taken abroad for spot delivery, being delivered from foreign warehouses to buyers on such terms as may be stipulated. The company believes that this service will greatly stimulate sales throughout foreign countries, for it will permit manufacturers to have their goods on the spot without running any credit risk since the goods can be sold for cash. Until delivery is made they are under the shipper's control. The express company receives the goods on consignment at New York, makes arrangements for ocean shipment, insurance, passing the goods through customs at destinations and delivery to and insurance in warehouses.

The British Empire Chamber of Commerce, chartered by the London Board of Trade and designed to operate in accord with the American Chamber of Commerce in London, has opened temporary offices at 165 Broadway. Other offices will be opened in leading cities throughout the country as soon as arrangements are completed.

The Foreign and Domestic Bankers' Acceptance Corporation, incorporated under the laws of Massachusetts, is being organized, with an authorized capitalization of \$2,000,000, divided into \$1,000,000 cumulative and participating Class A stock in 10,000 shares, par value \$100 each, fully paid and non-assessable, and \$1,000,000 Class B stock, 10,000 shares. Reginald H. Ward, president of the Ward Investment Corpo-

ration and of R. H. Ward & Co., is president of the new company.

The National Foreign Trade Convention will be held in Cleveland, Ohio, May 4, 5, 6 and 7. A thorough discussion will be given of the foreign trade problem of the United States by a large number of bankers and business men.

The condensed statement of condition of Banco Popular de Economias y Prestamos of San Juan, Porto Rico, for December 31, 1920, is as follows:

RESOURCES

Cash on hand.....	\$ 61,091.25
Due from banks.....	125,372.47
United States bonds.....	30,000.00
Amount loaned on collateral.....	\$128,496.88
Amount loaned on personal securities.....	532,877.49
Amount loaned on real estate....	188,366.88
Real estate.....	23,040.88
Furniture and fixtures.....	7,164.89
Sundry assets.....	6,736.79
	<u>\$1,103,147.53</u>

LIABILITIES

Capital stock paid in cash.....	\$ 100,000.00
Surplus fund.....	108,000.00
Amount due depositors.....	847,811.40
Dividends unpaid.....	83.00
Sundry liabilities.....	12,091.95
Profits and loss (all expenses deducted).....	35,161.18
	<u>\$1,103,147.53</u>

The Columbia Trust Company has just published a study entitled "The Foreign Exchange Problem," prepared by S. Stern, one of its vice-presidents. It tells the story of the foreign exchanges during the last six years, outlining the factors which caused the heavy upward and downward swings and detailing the effect on the business both of the American and European exporters

and importers in the various parts of the world. It also discusses ways and means by which possibly a stabilization of the exchanges might be arrived at, and by which ultimately perhaps, a restoration might take place. The booklet is illustrated by charts and tables.

The balance sheet of Rotterdamsche Bank-vereeniging of Rotterdam, Amsterdam, and the Hague, Holland, for December 31, 1920, and the profit and loss account for the same date, were as follows:

ASSETS	
Available funds:	
Cash in hand and at call.....	f 36,847,486.22½
Bills receivable:	
Inland.....	f 89,561,126.11½
Foreign.....	3,177,321.00
Cash at bankers.....	171,917,749.97
Investments.....	f 301,503,683.31
Advances on securities.....	" 26,562,092.33
Advances in current account:	
Inland.....	f 196,190,608.75
Foreign.....	41,113,761.81
Liability of customers on guarantees as per contra.....	f 44,728,495.79
Participation in syndicates.....	" 7,932,758.00
Bank premises.....	" 3,720,000.00
Invested pension fund.....	" 1,202,110.90
	f 645,144,732.01
LIABILITIES	
Capital paid up in full.....	f 75,000,000.00
Reserve funds.....	" 35,000,000.00
Extra reserve.....	" 4,000,000.00
Bills payable:	
Accepted.....	f 33,653,795.64
Advised.....	" 8,562,705.48
Advances on stocks and bonds for third account.....	" 20,364,500.00
Current accounts:	
Inland.....	f 237,256,613.79
Foreign.....	" 151,402,700.45
Deposits.....	" 69,983,879.95
Guarantees.....	f 44,728,495.79
Balance of stocks.....	" 6,960.43
Pension fund.....	" 1,482,980.66
Dividend 1920.....	" 7,500,000.00
Balance carried forward to 1921.....	" 930,595.61
	f 645,144,732.01
PROFIT AND LOSS ACCOUNT, DECEMBER 31st, 1920	
DEBIT	
Working expenses.....	f 8,406,702.19
Written off on premises account.....	" 1,003,995.87
Net profit.....	" 20,175,324.13
To be divided as follows:	
Transferred to reserve fund.....	" 5,000,000.00
Extra reserve.....	" 4,000,000.00
Dividend 12 per cent.....	" 7,500,000.00
Tax on ditto.....	" 678,750.00
Tantiemes and bonuses.....	" 2,065,978.52
Balance carried forward to 1920.....	" 930,595.61
	f 29,586,022.19
CREDIT	
Brought forward from 1919.....	f 538,729.05
Profit on interest and foreign exchange.....	" 20,671,666.42
Commission.....	" 7,178,942.52
Stocks and participation in syndicates.....	" 1,196,684.20
	f 29,586,022.19

The New York agency of the National Bank of South Africa, Ltd., has received a cable dispatch from the headquarters of the bank advising that the net profits for

the year ended March 31 amounted to £382,000, including the balance of £43,000 brought forward, after providing for all doubtful accounts. At the annual meeting to be held in Pretoria on June 29, the directors will recommend a dividend of 8 per cent. for the year.

A cablegram from Willing Spencer, chargé d'affaires at Tegucigalpa, states that the Honduras Government had prohibited the importation of silver coinage, except that of the United States, from March 15.

The free exportation of these coins is permitted. The dispatch adds that a law, effective March 16, requires the payment of customs duties half in American currency

of the work in this country. Their headquarters are at the New York office, 33 Broadway.



Announcement was made recently by Lloyds Bank, Limited, of the fusion with it of the business of Fox, Fowler & Co. This amalgamation, the bank states, is of historic interest, as it marks the passing of the last English bank having the right to issue its own notes. The right is not of much practical importance now, the limit of issue be-

ing only a little more than £6,500. The sphere of influence of Fox, Fowler & Co. was Somerset, Devon and Cornwall, and the firm had fifty-five branches and agencies.



The American Chamber of Commerce of Egypt, with headquarters at Alexandria, has been formed by business men of Alexandria and Cairo, according to information received by the foreign commerce department of the Chamber of Commerce of the United States.



Home Savings Bureaus

THE establishment of a department of home savings has been announced by the Savings Banks Association of the state of New York to operate through the one hundred and forty-two member banks of the Association for the assistance and encouragement of citizens of the state who are struggling with questions of household economy, and with this comes the formation of the most unique training class in the history of savings institutions in the world.

Twelve young business women of New York State, all highly trained in various branches of welfare work, and prominently identified with business interests, met recently in New York to prepare for the conduct of home savings bureaus in savings banks throughout the state, and in other sections of the nation.

It has been planned to conduct classes weekly under the directorship of Mrs. Porter Elizabeth Ritchey, who has been selected by the Savings Banks Association to organize all branches of the home savings work. A study will be made of food, rent, clothing, and all expenditures which form a part of the national thrift problem, to the end that the Association may render expert advice through trained directors, bulletins and other media, to savings banks depositors, and all others who are interested in "making ends meet."

Already a series of experiment stations have been established in savings banks in various sections. These are presided over by Mrs. Ritchey, who gives personal advice to depositors, distributes budget leaflets, and other material bearing on the family or personal expenses.

The Association also contemplates close cooperation with the Americanization forces of the state, and will issue material in a combination of English and foreign languages when necessary.

Mrs. Ritchey, who comes to the Association with a wealth of experience in organization and home savings work throughout the United States, said apropos of the new venture here: "I should say that the savings banks had a wonderful opportunity to serve the public in the great thrift movement by installing bureaus wherever possible for consultation and distribution of material relative to income problems. It is astonishing how few people really use any system in handling their own money, though they may be very systematic with the funds of their employers. The average American spends first, and saves only if he has anything left. I believe that a practical budget, easy of comprehension, and applicable to the individual income would be of benefit, and it is this kind of material we hope to issue through every savings bank in New York state."

Banking and Financial Industry

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

H. M. Webster & Company

Public Accountants - Auditors - Production Engineers

SPECIAL DEPARTMENTS:

Bank and Foreign Exchange - Audits and Systems
Income Tax

**23 West 43rd Street
New York City**

Southern Bldg.
Washington, D. C.

82 State Street
Albany, N. Y.

BANK audits require a specialized knowledge that comes only from long experience. We are in an unusually advantageous position not only to make bank audits but to perform all of the functions of financial and commercial accountancy.

New York Telephone—Vanderbilt 1908



Side View, Seaboard National Bank, New York

THE bank building represented in the above illustration was unanimously awarded first prize by a committee representing the Down Town League as the best building erected in down-town New York during the year 1920. It is one of many fine banking structures recently designed by an organization whose experience and skill are at your service.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited

The Union National Bank of Philadelphia

THE new Union National Bank, "Where Arch Street Crosses Third in Philadelphia," is a credit to the banking industry and a credit to the city of Philadelphia.

The Union National Bank was founded in 1858. It thrived throughout the unsettled times of the Civil War and the period of readjustment which followed. In those days Third Street was practically the center of commercial Philadelphia, and this territory was served by a number of banks.

In 1907 the present building was erected. The year following the Union National Bank purchased the business and assets of the Consolidated National Bank, at 331 North Third street. In 1916 it took over the business of the Manufacturers National Bank at 27 North Third street, leaving it practically alone for the furnishing of banking service in this vicinity.

The expansion of commercial Philadelphia toward and beyond Broad street has had little effect upon the development of business in the neighborhood of Third and Arch streets, as is evidenced by the growth in the business career of the Union National Bank, especially since 1915.

Back in 1915 the officers and directors of the Union National Bank little felt that their building would be insufficiently large to permit of a normal or even a rapid growth. In those days they had no idea that deposits and business would increase from approximately six million dollars in 1915 to fifteen million dollars in 1920.

In analyzing the progress and growth

of this bank it is appropriate to mention that J. S. McCulloch became the president on November 1, 1915. Mr. McCulloch has every reason to look back over the career of this bank for the past five years with every feeling of pride and pleasure. For instance, on October 23, 1915, the deposits of the bank were given as \$5,476,761. The last bank call as of February 21, 1921, found the Union National Bank reporting their deposits as \$13,693,752.

Before coming to the Union National Bank as its president, Mr. McCulloch was a member of the firm of Edson Bros., Philadelphia. He was elected to fill the position of president because of his well rounded business experience and his distinguished reputation for aggressiveness along safe and sane lines.

A thorough analysis of the growth of the Union National Bank shows that the real theme of the story has been actual personal service rendered by a strong and aggressive personnel. The friendship existing between the bank and its depositors has been a big factor in the continued growth. A year ago, while the bank was being rebuilt and enlarged, the rapid growth continued, de-



Main Lobby, Looking Toward Entrance



Main Lobby, Officers Quarters in Rear

J. S. McCULLOCH
President

spite all the dust and confusion. Old depositors continued to bring their friends to the Union National Bank.

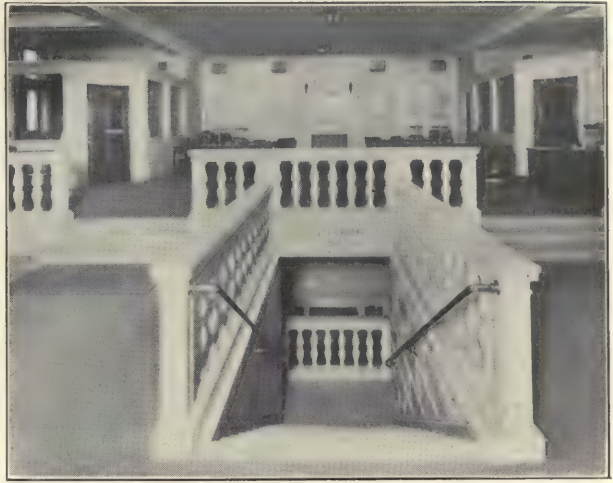
When the bank was finally finished and opened for inspection, it was the consensus of opinion, especially with the banking fraternity, that the new Union National Bank was "Philadelphia's handsomest banking house." Your first impression of the new Union National Bank after entering its doors, is one of genuine dignity and harmony. Everything is so solid and substantial. The color scheme has been so perfectly worked out that absolutely nothing clashes.

The entire first floor is finished in Botticino marble, which is the principal factor in the general pleasing effect. The center of the first floor is a grand lobby, 50 by 60 feet, flanked on the right side by eight tellers' cages and on the left side by five additional cages. The entire arrangement of the first floor is the result of a great deal of thought and study, and the result is ample room and comfort for the depositors and for the quick handling of their business transactions.

To the rear of the lobby is a slightly raised but commodious space, occupied by the officers of the bank. To the left is the office of the president and to the right is a conference room.

A very pleasing effect is the contrast between the soft grayish white tones of the Botticino marble and the mahogany furnishings.

The vault is in the basement, with an entrance running directly from the lobby on the first floor. Adjacent to the vault is a room, also finished in Botticino marble, containing six booths for the clipping of coupons, and two telephone booths. The vault itself is the last word in fire-proof and burglar-proof construction. Adjacent to the



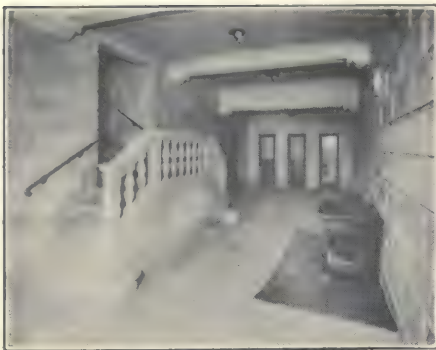
Officers' Quarters and Entrance to Vault

vault is a room for the storage of silver.

Before visiting the second floor, it is well to mention a unique feature, the modern electric elevator, for which no attendant or operator is necessary. The



Directors' Room



Room Adjacent to Vault



Isolated Bookkeeping Section with Acoustic Ceiling

elevator operates automatically from the basement to the third floor. On entering all doors must be closed; and, if one wishes to proceed to the third floor, button No. 3 is pushed and the elevator proceeds and stops automatically at the proper station.

The second floor is entirely devoted to the different departments of the bank — book keeping department, stenographic department, currency cage and other allied departments. The chief interest in the bookkeeping department is its complete isolation. This department has an acoustic ceiling, which, in connection with the cork floor, deadens

the noise from the rapid operation of many adding machines. This feature adds considerably to the efficiency of the employees in this department.

The principal point of interest on the third floor is the directors' room. It is a masterpiece in dignity and magnificence, finished in Caen stone and executed in the style of the Italian Renaissance.

The filing department, also on the third floor, is the result of a



Credit File and Stenographic Section

great deal of time and thought. Nowadays a bank, in order to render a complete and comprehensive service, must place a great deal of dependence on an accurate and quick working filing sys-



Filing Section



Rest Room and Kitchen

tem. Every modern thought and appliance has been incorporated in this department for a helpful service to the bank's clientele.

The rest room and kitchen is an extremely popular place with the employees at the noon recreation hour.

John T. Brugger, the architect, has specialized in the building of modern banks for several years. Mr. Brugger entered into his commission with enthusiasm and fully deserves the many complimentary things which have been said about the completed building. The finished and completed Union National Bank is the result of close personal attention given to every detail by Mr. McCulloch, the president; Henry B. Reinhardt, assistant cashier, and Mr. Brugger, the architect. It combines every modern idea for the complete equipment of an up-to-date banking plant for quick, accurate and trustworthy service to a growing clientele.

The officers and directors of the Union National Bank are as follows:

John S. McCulloch, president; Henry F. Mitchell, vice-president; Louis N.

Spielberger, vice-president and cashier; Samuel Campbell, assistant cashier; O. Stuart White, assistant cashier; Frederick Fairlamb, assistant cashier; Henry B. Reinhardt, assistant cashier.

Directors:—W. H. Carpenter, chair-of the board; Horace T. Potts, Horace T. Potts & Co.; Henry F. Mitchell, Mitchell & Peirson; S. S. Marvin, president, Pennsylvania Chocolate Co., Pittsburgh, Pa.; J. S. McCulloch, president; John C. Martin, general business manager, Public Ledger; Louis N. Spielberger, vice-president; Henry H. Barton, Jr., H. H. Barton & Son Co.; Nathan T. Folwell, president Folwell Bros. & Co., Inc.; Samuel E. Landis, Landis & Co.; Wm. D. Oelbermann, Wm. D. Oelbermann & Co.; Jonathan Jenks, Elder & Jenks; Charles J. Clark, president Hunter & Dickson, Inc.; Henry M. McAdoo, McAdoo & Allen; Norman K. Conderman, secretary Hance Bros. & White, Inc.; Walter Clothier, president Ketterlinus Lithographic Mfg. Co.; Ernest T. Trigg, vice-president and general manager John Lucas Co.



NEARLY three years have passed and we again hear the murmur of disloyalty. It is time to ask ourselves whether our patriotism is to stand mute while this poisonous propaganda dwarfs our conscience. Shall we turn our backs upon our friends of yesterday? Are we expected to condone the wanton destruction in France and Belgium and on the high seas? Have sacrifices of American blood already been forgotten?

—General JOHN J. PERSHING



San Francisco Office, Asia Banking Corporation, in Robert Dollar Building

New Banking Corporation Opens San Francisco Office

REPORTS from San Francisco indicate that the new branch office of the Asia Banking Corporation received a very friendly welcome from the Pacific Coast business men on its opening day. Many of the city's best known men in the financial world visited the office. Flowers received as tokens of the good wishes of friends and neighboring banks furnished a profusion of decoration for the occasion. The inviting appearance of the new office both exterior and interior is apparent in the accompanying photographs.

The bank is located on the ground floor of the Robert Dollar Building, 301 California Street, the Wall Street of the West. It occupies floor space of 5,600 square feet. Within a radius of from one to two blocks are the Federal Reserve Bank, the Bank of California, Anglo and London Paris National Bank, the Merchant's Exchange, the American National Bank and the Stock and Bond

Exchange. It is also conveniently near the principal export and import houses.

The interior design is English Renaissance in dull-finish brown mahogany. The floor of the lobby and customer's room is finished in two tones of tan colored cork tile. Fixtures are of statuary bronze of exquisite design. The walls and pillars are finished in oil with Van Dyke glaze tipped.

To the right, on entering, is a spacious room handsomely furnished in rich walnut mahogany, and reserved for the exclusive use of the bank's visitors and customers. A library consisting of the latest financial and commercial data on the orient is maintained there.

The manager's private office and executive space on the left are, like the customer's room, furnished in walnut-finished mahogany, the floor covering being heavy French Wilton rugs.

The cages farther back are very large

and roomy, with an abundance of drawer and shelf room. The 12x12 foot plate glass windows admit enough natural light so that artificial light is rarely needed. However, the office has been equipped with an indirect lighting system so arranged as to be restful to the eye. A full and complete equipment of rich, walnut-finished mahogany office furniture has been installed and working conditions for the employees are in every way exceptional.

In the rear there has been erected a large modern fire and burglar-proof time vault, a part of which has been partitioned off for the exclusive storage of bullion. In addition to this main vault there are two smaller vaults, one for the bank's books, the other for stationery. Adjoining the vaults is a large room which the manager has given over to the staff as a clubroom for the new chapter of the Asia Club which is now being formed.

Paul Dietrich, manager of the branch, is well-known in San Francisco business and financial circles. He has had a wide experience in foreign banking and trade, in China and Japan, as well as in the United States, Panama and Mexico, having been stationed at Shanghai, Hongkong, Kobe, Yokohama, New York, and the Panama Canal Zone.

He first went to San Francisco in 1911 as manager of the Foreign Department of a branch bank there. At the end of 1912 he became manager of a Mexico City Branch bank, and in 1914 went to Kobe, Japan, in a similar capacity. Later in the year his services were required in Shanghai where he stayed till 1917.

As Mr. Dietrich himself says, "Ever since I left San Francisco I had the desire to return to the city at the Golden Gate," which explains why in 1917 he went into the import and export business with the Pacific-Orient Company. It was from this company that Mr. Dietrich came to join the Asia Banking Corporation.

In addition to his active banking experience mentioned above Mr. Dietrich has also at intervals spent extended periods of time in England, France,



PAUL DIETRICH
Manager San Francisco Office

Germany, Italy, Switzerland, Holland, Belgium, Austria, and Russia, studying modern developments of banking in those countries.

Assisting Mr. Dietrich are Wm. E. Draycott, Jr., transferred from the New York office, and formerly of the foreign department of the Guaranty Trust Company of New York; A. J. Cooke, also from the New York office; Miss Geneva Stewart, who has had several years' experience in foreign banking work; M. O'Day, previously with the Pacific-Orient Company; and Mrs. E. H. Greene, formerly with the Pacific Mail Steamship Company.

Mr. Dietrich is well fitted to acquaint American and foreign interests on the Pacific with the exceptional services offered by the Asia Banking Corporation in every requirement of international banking concerned with the Far East. Credit information is furnished relative to the standing of firms in China and other countries of Asia. Funds are paid or transferred by mail or cable, credits



Executive Offices



Customers' Room and Executive Offices



Manager's Office

established for financing imports and exports, bills of exchange purchased and collected, commercial and travelers' letters of credit issued, and arrangements are made for current, fixed and savings accounts at the bank's branches in the Orient in taels, Mexican dollars, pesos, sterling, francs and United States gold, on which interest is paid.

In connection with the opening of the San Francisco branch it is also interesting to note that one of the stockholders and directors of the corporation is Captain Robert Dollar, whose name in connection with shipping and financial affairs on the Pacific is known around the world. It is in the building which bears his name that the San Francisco branch of the Asia Banking Corporation is located.

His is one of those stories delightful to all Americans as illustrative of the opportunities which the country offers to an ambitious but penniless youth who can face and master the difficulties which the country also places in front of him in good quantity.

Captain Dollar was born in Falkerk,

Scotland, in 1844. At the age of twelve he came to America. His early life on this continent was spent in the Canadian lumber camps.

To-day he is one of the foremost producers and exporters of lumber in the United States, the owner of two fleets of steamers, one for coaster and the other for overseas trade, probably the greatest individual creator of commerce between the Pacific Coast and the Orient, a still greater creator and cementer of friendship between the Orient and the Occident, and this country's most potent worker for the establishment of a powerful American merchant marine.

Much of the wealth which has come to him as a result of his many enterprises has been used in worthy philanthropy. He has well earned his title of "The Grand Old Man of the Pacific."

Captain Dollar's position on the directorate of the Asia Banking Corporation lends the new branch an immediate ranking in the affairs of the Pacific Coast and will undoubtedly have much influence in its success.



Citizens Trust Company, Terre Haute, Indiana

Terre Haute's New Sky-Scraper

CONSTRUCTION work started in February, 1921, on the new twelve-story bank and office building for the Citizens Trust Company, Terre Haute, Ind. This building will be the tallest building in the city and in addition to being the largest will be the most modern and up-to-date both in regard to banking quarters and office accommodations.

The building will occupy the entire plot upon which it is built and will extend thirty-six feet along the front and ninety-five feet back. The office sec-

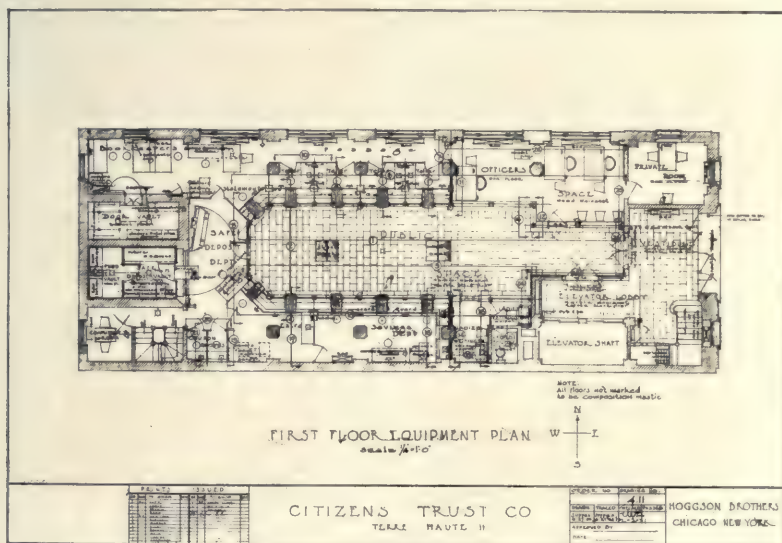
tion, however, is being constructed in a form of a tower which rises flush with the front of the lower stories and extends fifty-four feet back. The building will be constructed of limestone up to the second floor and the architectural plans call for a very ornamental main entrance doorway and handsome large steel sashed windows. The shaft of the building is to be constructed with dark red face brick with architectural terra cotta trim on the upper stories. The construction throughout is fire-proof and the building will be a skele-

ton steel structure. The entire main floor, with a rear mezzanine and part of the basement is given up to the banking quarters.

The steel arched doorway will give entrance to a large attractive lobby which opens on to the elevators and also affords a main entrance to the public space of the banking room. The high speed elevators which serve the ten floors of offices are to be equipped with automatic levelling devices which will insure the cars being brought to a

with the greatest convenience to customers.

On the first floor of the building, surrounding a large public space which will have a marble block floor with Tavernelle Fleuri marble wainscot and counterscreen, will be,—on the right, an officers' space with consultation room separated from the public space by a low marble rail, tellers' wickets and a bookkeeping department;—on the left, a suite for the convenience of the women patrons of the bank, includ-



Floor plan of banking room

level with the floor at each stop. This insures absolute safety to tenants and customers in entering or leaving the elevators.

With the volume of business done by an institution the size of the Citizens Trust Company, the question of efficient utilization of floor space and the provision for the uninterrupted flow of routine work is all important, yet the convenience of the bank's patrons must not be sacrificed. A careful study of these requirements has resulted in a plan for the main banking room which is arranged to give maximum efficiency

ing writing room and retiring room, the savings departments with coupon booths and a committee room. At the rear of the bank separated from the public space by an ornamental steel grille will be the book vault, and safe deposit and fund vault.

These two vaults built as a unit, but divided by steel partitions within, are constructed with reinforced concrete walls on all four sides, floor and ceiling, and the inside of the vault is provided with one-half inch steel lining. The huge circular ten-inch solid metal vault door with its rugged strength and



American National Bank, Nashville, Tenn.

American National Bank of Nashville, Tennessee

THE consolidation of the American National Bank with the Cumberland Valley National Bank, both of Nashville, Tennessee, is the result of the desire on the part of the management to furnish the Central South with service to meet every need of their financial requirements and to keep pace with the growth and prosperity of Nashville and the South. The capital of the bank which is now \$1,500,000 (surplus and profits, \$1,000,000 and combined resources \$30,000,000) will enable it to handle the business of the large industrial and commercial organizations developing in the South.

All departments of a modern commercial bank are conducted with every facility for handling the accounts of corporations, firms and individuals. In addition there are correspondents, savings and safety deposit departments, together with special accommodation for a women's department. The foreign department through its connection with Eastern and foreign bankers is able to

handle efficiently the foreign business of its customers. The conveniences which have been installed for both customers and employees are as modern as those of any bank in the country.

The bank is located in the Stahlman Building, Nashville's largest office building, covering practically the entire first floor. It is one of the most spacious banking-rooms in the South. The main entrance to this building is through the lobby of the bank, which is an asset to the institution as the building is one of the most frequented in the city, and everyone entering is thus brought in close touch with the bank.

The American Trust Company has been organized to occupy the old location of the American National Bank and will have competent officials in charge of savings, trusts and mortgage loan business to supplement the facilities of the national bank. E. R. Burr is the vice-president in charge. The American National Securities Company under the management of R. A. Shillinglaw, vice-president, an experienced



Main corridor, looking toward rear entrance

and competent official will co-operate with and be at the same location.

For the convenience of the many friends of the American National Bank whose business draws them principally to the shopping district, the Cumberland Valley office of the American Trust Company has been established at the old location of the Cumberland Valley National Bank under the supervision of Frank M. Farris, one of the former officers of that bank. This gives Nashville, through associated organizations, a banking service complete in all its departments.

The consolidation was consummated on January 19, 1921, the birthday of Robert E. Lee, which is a holiday in

Tennessee, the records of both banks being moved to the new quarters on that day, consolidated and balanced so that on the opening day, January 20, business was resumed as usual.

On January 17, preceding the consolidation, a "get-together" dinner was held for the officers and employees of the bank. The dinner was served in the lobby of the new banking room. W. W. Berry, chairman of the board, presided and gave

the history of the American National Bank since its organization. P. D. Houston, president, gave a talk along



Main corridor, looking toward main entrance

the lines of organization and co-operation between officers and employees and customers. F. A. Berry, attorney for

the bank, and C. H. Wetterau, assistant vice-president, also spoke, and all the officers were called upon and presented to the employees.

The first day of the bank's opening was Men's Day, when several thousand men visited and inspected the new banking room which was decorated with flowers and palms. The bank had cigars for all the men. On the following day, which was Women's Day, the bank had cut flowers for the



Officers' section, showing conference rooms and discount tellers

women visitors. Saturday was "Kiddies' Day," for which the bank had prepared a special booklet in colors entitled "Money Jingles," and Monday, January 24, finished the opening with "Bankers' Day." A number of out-of-town bankers were in attendance, and at noon a luncheon was served to the visitors at the Commercial Club.

ORIGINAL ORGANIZATION

The American National Bank was organized in 1881 with a capital of \$600,000 with E. W. Cole as president and A. W. Harris as cashier.

John Kirkman was made president of the consolidated bank, Edgar Jones, vice-president, and A. W. Harris, cashier. E. W. Cole resigned. In 1883, John Kirkman died and Edgar Jones was made president, which position he occupied until 1891, when he resigned to organize the Union Bank and Trust Company, and W. W. Berry, Jr., became president of the American National Bank, which position he continued to occupy until January, 1919, when he was elected chairman of the board.

In 1911 the American National Bank bought all stock of the Union Bank and Trust Company and absorbed that institution. The officers



Tellers' section, showing bookkeeping department in the rear



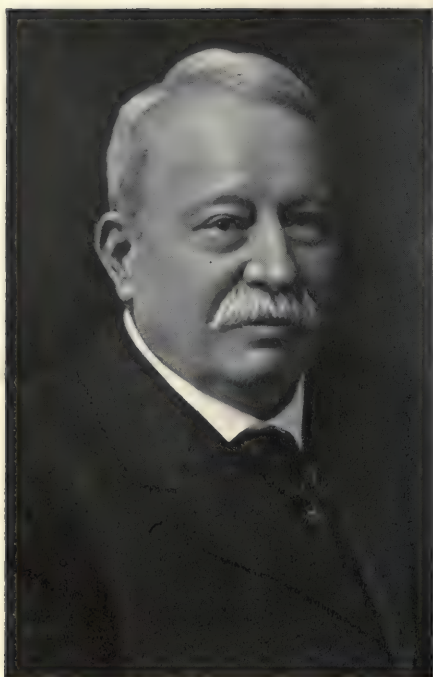
View of tellers' section from main corridor

Two years later, in 1883, the American National absorbed the Third National Bank. The officers of the latter institution at the time of the merger were W. W. Berry, Sr., president, and Edgar Jones, cashier. The Third National Bank was organized in 1865 and was one of the best dividend-earning banks in Nashville, having paid as high as 100 per cent. dividend and never less than 25 per cent.

W. W. Berry, Sr., served as its president from 1865 to 1876, when he was succeeded by John Kirkman as president. In the consolidation,



Women's rest room



W. W. BERRY
Chairman of Board



P. D. HOUSTON
President

of the American National Bank after this absorption being W. W. Berry, president; A. H. Robinson, vice-president; E. A. Hail, vice-president; N. P. LeSeuer, cashier; E. R. Burr, assistant cashier; C. H. Wetterau, assistant cashier.

In January, 1920, the American National Securities Company, an affiliated institution, was organized under the supervision of R. A. Shillinglaw, vice-president and manager.

On January 19, 1921, the American National Bank and the Cumberland Valley National Bank consolidated and, coincidentally, the American Trust Company was organized. On January 26, the first meeting of the consolidated board of directors was held and the following officers were elected: W. W. Berry, chairman of board; P. D. Houston, president; Paul M. Davis, vice-president; J. T. Howell, vice-president; V. J. Alexander, vice-president and cashier; E. R. Burr, vice-president in charge of the American Trust Com-

pany; C. H. Wetterau, assistant vice-president; E. R. Harrison, assistant cashier; F. M. Farris, assistant cashier and manager of the Cumberland Valley office of the American Trust Company; M. E. Barr, assistant cashier; J. W. Darrah, assistant cashier; J. P. Ezell, assistant cashier; Meredith Flautt, auditor.

The American National Bank has been prominently identified with the growth and development of Nashville and the Central South through all these years, as is evidenced by the deposits which are over a term of years as follows:

Dec. 13, 1900.....	\$1,359,853.84
Nov. 9, 1905.....	2,868,676.37
Nov. 10, 1910.....	4,292,405.35
Nov. 10, 1915.....	6,076,352.68
Nov. 17, 1919.....	13,181,890.07
Jan. 20, 1921, opening day of consolidation.....	18,270,609.17

PRESENT OFFICERS OF THE BANK

The present officers of the American National Bank are all men experienced



PAUL M. DAVIS
Vice-President



J. T. HOWELL
Vice-President

in the banking profession and well equipped to continue the development of "A Greater Bank for Greater Nashville."

W. W. Berry, chairman of the board, has been connected with the present organization as president and chairman since 1891, and his father, W. W. Berry, Sr., was president of the Third National Bank, which became an important part of the American National.

P. D. Houston, president, began his banking experience with the Peoples Bank of Lewisburg in 1891, and was appointed assistant cashier of the institution in 1893. In 1906 Mr. Houston came to Nashville to complete the organization of the First Savings Bank and Trust Company and was connected with that institution as manager and cashier until it became affiliated with the Fourth and First National Bank, when he occupied the position of vice-president of the Fourth and First National Bank and the First Savings Bank and Trust Company until 1919, when

he came to the American National Bank.

Paul M. Davis, vice-president, began his banking experience with the Trust Company of Cuba, Havana, Cuba, in 1901. In 1904 he returned to Nashville and became connected with the real estate department of the Nashville Trust Company. In 1905 he entered the real estate business as manager of the Murphy Land Company and the Belmont Land Company and in 1911 organized the firm of Davis, Bradford and Company as a further interest. In 1918 he was elected vice-president of the American National Bank, in which capacity he continues to serve upon the consolidation.

J. T. Howell, vice-president, began his banking experience with the Fourth National Bank of Nashville, in 1873, in a clerical capacity. He worked in every position, including that of president. In January, 1911, he was elected president of the Cumberland Valley National Bank and in January, 1921, be-



V. J. ALEXANDER
Vice President and Cashier

came vice-president of the American National Bank upon the consolidation.

V. J. Alexander, vice-president and cashier, began his banking experience with the Marion Trust and Banking Company, Jasper, Tennessee, in 1904, and was appointed assistant cashier of that institution in 1905. In 1907 he organized the South Pittsburgh Savings Bank of which institution he was cashier for two years, and then returned to Jasper as cashier from 1909 to 1910, when he came to Nashville to assist in the organization of the Cumberland Valley National Bank. He was appointed assistant cashier of that institution and in 1911 he was elected cashier, and upon its consolidation with the American National in January, 1921, was elected vice-president and cashier of the consolidated institution.

E. R. Burr, vice-president in charge of the American Trust Company, began his banking experience August 1, 1891, with the Union Bank and Trust Company in a clerical capacity. Having filled all the different positions in that



Interior, Cumberland Valley Office, American Trust Company



E. R. BURR
Vice-President



C. E. WETTERAU
Assistant Vice-President

institution, he was elected assistant cashier in 1906 and cashier in 1909. In 1911 the Union Bank and Trust Company consolidated with the American National Bank and Mr. Burr was appointed assistant cashier of the latter, being subsequently elected cashier in 1918. Upon its consolidation with the Cumberland Valley National Bank in January, 1921, he was elected vice-president.

C. H. Wetterau, assistant vice-president, began his banking experience with the American National Bank November 1, 1899, in a clerical capacity and from that time until June 29, 1910, when he was appointed assistant cashier, filled most clerical positions in the bank to that of department manager. In January, 1921, Mr. Wetterau was elected assistant vice-president of the consolidated institution.

E. R. Harrison, assistant cashier, began his experience with the American National Bank in December, 1905.

In April, 1910, he connected himself with the Fourth National Bank of Nashville, and in August, 1912, with the Cumberland Valley National Bank. In January, 1916, Mr. Harrison was appointed auditor of the Cumberland Valley National and in August, 1917, was appointed assistant cashier of that bank. On the consolidation he was made assistant cashier.

F. M. Farris, assistant cashier and manager of the Cumberland Valley office of the American Trust Company, began his banking experience in 1912 with the State Bank and Trust Company of Nashville, and was appointed assistant cashier of that institution in 1913 and was subsequently elected cashier in 1914. In December, 1915, he connected himself with the Cumberland Valley National Bank and was appointed assistant cashier in 1917, which position he held until the consolidation, when he was made assistant cashier and

manager of the Cumberland Valley office.

M. E. Barr, assistant cashier, came to the American National Bank in October, 1906, and after filling successively different clerical positions to that of head teller, was appointed assistant cashier in January, 1919.

J. W. Darrah, assistant cashier, first entered the banking business with the First National Bank of Nashville in 1906. In 1908 he became connected with the Chattanooga Savings Bank of Chattanooga, Tenn., and in 1911 returned to Nashville with the American National Bank. In January, 1919, he was appointed assistant cashier of that bank.

J. P. Ezell, assistant cashier, entered the Bank of Chapel Hill, Tenn., in 1911, and in 1913 went with the First Savings Bank and Trust Company of Nashville. In 1918 he was sergeant-major with the United States Army, and upon his return to civil life in March, 1919, he became connected with

the American National Bank, and was appointed assistant cashier in January, 1921.

Meredith Flautt, auditor, entered the employ of the Hermitage National Bank of Nashville, as auditor, in September, 1909, and was with that institution on May 10, 1915, when it merged with the Tennessee National Bank and became known as the Tennessee-Hermitage National Bank. On July 1, 1916, Mr. Flautt was appointed State Bank examiner, which position he relinquished November 1, 1918, to become auditor of the American National Bank.

The American National Bank has a directorate of forty active and successful business men. These men have been drawn from all lines of commercial and industrial endeavor and are active in their co-operation with the officials of the bank in developing and extending its influence and in directing and safeguarding its interests. These directors are all successful business men and



Interior, Main Office, American Trust Company



Left to right--Double automatic door, cash vault, fire-proof vault and door to safe deposit vault

prominent in their lines of endeavor, and the breadth of their experience, as well as the scope of their knowledge of conditions in the various lines, argues

well for the power and influence which the American National Bank can exert in promoting the welfare and development of the Central South.



IN the days of affluence always think of poverty;
do not let want come upon you and make you
remember with sorrow the days of plenty.

—The Wisdom of the Chinese

Some Views of the New Home of Brown Brothers & Co., New York



59 Wall Street



Additions fronting on Hanover and Beaver Streets



Detail of partners' room showing painting of Alexander Brown and his four sons



Main lobby from entrance showing tellers' cages



A private room of one of the partners. The mural decorations consist of the world and maps on a larger scale of the United States and Europe



General view of partners' room



A new private conference room



Corner of one of the conference rooms



Room for travelers



A section of the Bond Department

The Power Behind the Bank

*Financiers, Professional Men and Educators Who
Form Part of the First National Bank's
Strong Directorate of Forty-Four*

The work and thought of these men have been part and parcel of the growth of our great city.

Their wise foresight and conservative counsel have assisted in building up civic pride, and bringing home to each of our citizens his part in keeping St. Louis sound in its ideals and successful in its business.

Their co-operation, rendered through our officers, means much to the farsighted business man.

Capital and Surplus \$15,000,000.00

The Largest National Bank West of the Mississippi



Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected
in the Opinions of Banks and Bankers

THE April issue of the Business Letter of the National City Bank of New York sums up present conditions as follows:

The mild winter has been followed by an early spring and with the revival of outdoor operations there are symptoms of improvement in business, although they are not sufficiently pronounced to justify sanguine predictions. Retail trade continues surprisingly good in the cities, and wholesale distribution is very fair, considering the low prices of farm products and the amount of unemployment reported. Payments through banks reporting to the Federal Reserve Board and passing through the Clearing Houses are running 20 to 25 per cent. lower than a year ago, which is not so great a decrease as might be expected in view of the decline of prices. The index number of commodity prices compiled by the Bureau of Labor for February last was 33 per cent. below that of February, 1920. Current payments, of course, do not accurately represent current business, and considering the amount of unemployment at this time, it must be concluded that they are holding up better than production. For the last week of February the car-loadings reported by the railroads aggregated 658,222 as against 783,295 in the corresponding week of last year. For the month of February the cotton mills consumed 385,563 bales of raw material, against 515,599 bales in February, 1920, and 366,270 bales in January, 1921. The production of bituminous coal for the week ended March 12, 1921, was 6,891,000 tons, against 10,277,000 tons in the week ended March 14, 1920. Pig iron production in February, 1921, was 1,937,000 tons, against 2,978,879 in February, 1920, and 2,940,168 in February, 1919. The output of bee-hive coke for the year to the middle of March was 2,257,000 tons, against 4,527,000

tons in the corresponding period of last year. Exports of merchandise for February, 1921, were \$489,310,942, against \$645,145,225 in February, 1920; imports of merchandise, \$214,525,137, against \$467,402,320 in corresponding month of last year. Business failures in January and February, 1921, numbered 3,505, with liabilities of \$138,334,990, against 937 in number with liabilities of \$21,462,271, in the corresponding months of last year. Building permits in 156 cities, as reported by Bradstreet's, aggregated in value \$140,507,319 in the first two months of 1921, against \$234,941,100 in the corresponding months of 1920.

The Guaranty Trust Company of New York in its letter of April says on the same subject:

The second quarter of the year opens with an appreciable gain in business confidence. Irregular and contradictory as they may at first glance appear, the reports from various sections of the country are on the whole indicative of an improved situation. Certainly conditions are no worse than they were a month ago, and, indeed, the element of greater stability is so pronounced as to lead to a prediction that before mid-year a definite turn for the better will be demonstrated. There has been a slight increase in railroad traffic, and an improvement in the railroad labor situation because of the policy of retaining efficient workers only. Automobile manufacturers are reopening their plants. Building operations are on the increase. Farm products are being disposed of under pressure of a large new crop and the inability of the banks to carry both the hold-over and the new products. Secretaries Hoover and Mellon, backed by Governor Harding of the Federal Reserve Board, have told the cotton raisers that they cannot expect the Government to assume all

the risks of financing the exportation of cotton, and it appears that something like personal initiative is to come to the rescue of the unhappy situation in the South. The trend of prices continues downward in the wholesale markets, but consumers still complain that, with one or two exceptions, retail prices for food and clothing do not represent these recessions in manufacturers' and jobbers' costs.

THE NEED FOR EFFICIENCY

In a recently delivered address Dr. W. F. Gephart, vice-president of the First National Bank in St. Louis, said: "Numerous efforts have recently been made to saddle responsibility for the present depression upon some one or two causes. For quite some time, it was rather generally felt that the banks and high money rates were the chief offenders in this respect. The error of this view has been demonstrated upon numerous occasions in the past few months." Developing this idea Dr. Gephart said:

The extent to which business men, as a whole, were responsible for the present depression through the laxness of their business methods is not often given the attention that it should receive. We hear many complaints from various industries that at present prices their products are selling below the cost of production. The implication, apparently, being that this situation is most unjust and that something should be done to remedy it either through price fixing or a subsidy of some sort that will help tide them over the present period of low prices. It apparently does not occur to many in this situation that they are suffering for the sins of the past.

It is well known that little or no heed was given to the ever-rising cost of production and the abnormally high prices during the "boom" period. Costs not only kept pace with rising prices but lax methods even permitted them to grow faster than prices. Temporary conditions were assumed to be permanent and plans were made accordingly. The boom period was killed not so much by high prices but by inefficiency which permitted costs to rise even more rapidly than prices. Labor and management together by their laxness and inefficiency killed the "boom."

The economic reasoning of the day seemed to be based on the assumption that the greater the wages paid and the more people employed and paid to do each job, the greater would be the general purchasing power, and hence prosperity would engulf the nation. It was truly a fools' paradise.

The maximum of human wants were to be supplied by a minimum of effort and output on the part of every one. For a few months everything moved at top speed as a result of the apparent working of this attractive economic theory, but finally production cost overtook purchasing power and the bubble burst.

Our chief problem today is to remedy the evil produced in this short period when attempts were made to make something out of nothing. Society can be prosperous only when goods are being produced in an efficient manner. Labor cannot hope to gain in any other way but through maximum production at minimum costs. Maximum costs and minimum production may be theoretically attractive but practically unattainable. The public at large must realize that the general welfare of society is dependent to a large extent upon minimum production costs. Only in this way can the largest possible satisfaction of human wants be obtained. High costs and lax business methods may swell paper profits but they bring in their train a host of evils that menace the very foundation of society.

OUTLOOK IN THE MONEY MARKET

On the above subject the Mechanics and Metals National Bank of New York says in its April letter:

Easier money conditions have been talked of lately, but indications of a declining tendency of rates have not been pronounced. The position of the Federal Reserve Banks has shown progressive improvement, and the fact that the Treasury has been enabled to borrow on its treasury certificates in the open market at less than 6 per cent. is hailed as an indication of returning ease. Money conditions are improved, the shrinkage in the volume of the country's business having lessened the urgency of the demands for funds. However, the banks are still heavy borrowers from the Federal Reserve System, and loans for some time to come will be beyond the point at which the banks can comfortably meet the situation without themselves borrowing from the Federal Reserve. Corporations and firms whose paper heretofore found ready sale through commercial paper brokers now find that market practically closed as a source of supply for their needs. Indeed, in many cases recourse is had to their bankers for increased lines to meet maturities from the open market.

Continued heavy re-discounts by the commercial banks in nearly every part of the country is the only explanation that is to be offered for the extreme caution which the Federal Reserve Board still exercises in guarding carefully the gold that is held in its reserves. It will be interesting to watch the movement of reserve ratios of the Federal Reserve Banks during the coming

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weeks; there is developing a theory that rather than permit the percentages to rise to a figure which might impel a lowering of re-discount rates, the Board will prefer to release gold for general circulation throughout the country, thus keeping reserve ratios down and avoiding the pressure that a high reserve would bring from every part of the country for reduced re-discount rates.

BANK CLEARINGS

According to the American National Bank of Richmond, bank clearings at the principal cities for February were less than 27 billion dollars compared with nearly 34 billion dollars (corrected figure) in January and 33 billion dollars in February of last year. Clearings exclusive of New York City were 12 billion dollars compared with 15 billion dollars the month before and 15 billion dollars a year ago, the decrease from last year being 20 per cent. Clearings are just beginning to reflect the drop in the volume of trade which has occurred during the last few weeks and still heavier declines in clearings

are likely to be in evidence during the spring months.

THE NEED FOR INTERNATIONAL HONESTY

In an address before the National Convention of the Carpet Association of America recently held in New York, Fred I. Kent, vice-president of the Bankers Trust Company of New York, said in part:

An epidemic of dishonesty has consequently spread over the face of the earth, which must be checked before we can hope for a return to rational life. The action of this dishonesty among peoples shows itself in many ways where it is least suspected. The constant increase of indebtedness by governments following the armistice, and the tremendous inflation which has been going on since that time, could have been stopped long ago if it had not been for the force of dishonesty as exercised by masses of people through false leaders to whom they have responded because of the poison which has been spread among them. This force has taken many forms, all of which have resulted in tremendous waste of the wealth of mankind, that has constantly been drained to make up for inefficiency in industry, and to take care of human parasites,

whose numbers have been multiplied through false propaganda.

The trade of the world has come to a standstill for the same reasons, except in so far as the necessity of man has forced its continuance. International repudiation of contracts has recently taken place in commerce and business that would be inconceivable if we did not know that men's minds had been undermined and their sensibilities blunted without their knowledge through the vicious propaganda with which the world has been flooded.

It takes no stretch of the imagination to see clearly that if all men were honest the world chaos of the moment could be stopped immediately, and reconstruction and progress begun at once. Our real problem, therefore, lies in the establishment of honesty and integrity between men, groups of men, and between governments.

If an exporter cannot be certain that his goods will be accepted by an importer who has contracted for them, he cannot carry on his business. If an importer cannot depend upon an exporter from whom he has purchased goods making delivery, he cannot safely buy. If a banker negotiating drafts against a letter of credit of another banker cannot depend upon the contract of the letter of credit being carried out, he cannot make advances to an exporter. If a manufacturer cannot depend upon the acceptance of his goods by the wholesaler who contracts for them, he cannot safely manufacture. Again, unless a manufacturer knows that the raw material for which he has contracted will be delivered to him according to agreement, he cannot undertake to manufacture and sell, even though he may have confidence that the buyer of his goods will accept them.

The exporter of goods cannot afford to risk his shipments unless he is assured that the national honesty in the country of the importer is such that neither the importer nor his banker will be prevented from keeping their obligations through revolution or confiscation. Neither can banks advance funds to exporters for shipment into countries where the integrity of governments cannot be depended upon and where honest social relationships are in jeopardy. It is because the forces of dishonesty are being exercised upon those in government in every nation that international amity and goodwill do not exist, and that the consummation of fair agreements is difficult or impossible. Not until a turn in the morale of the world takes place can we expect developments that will restore the equilibrium of the world's trade, with its consequent extension to humanity of relief from the strain and suffering which now exist in many countries. When the tide turns, as it certainly will, we must be ready to do our part to accelerate industry.

If we would have the return to industry necessary to raise the standard of the life of humanity, honesty is a first requisite. Business contracts must be made in good faith, and must be carried out to the letter, regardless of rising or falling prices. Labor agreements must be lived up to by both parties concerned. Decisions of accepted arbiters must be received in good faith. Then, and only then, can we expect honesty in government which the welfare of all peoples demands.

The great necessity of the moment, therefore, is that every enlightened citizen of every country shall exert every force within his power, through example and the exercise of every authority at his command, to bring about honesty of purpose in the heart of every man.

FARM WAGES

Reviewing the farm wage situation, the Review of the Northwestern National Bank of Minneapolis states:

The cost of farm labor will not be so great an expense as last year. Farmers will, as a rule, dispense with as much extra help as they can. The supply is ample throughout almost our entire district. It is thought that the crop will be put in as cheaply as in many a past season, perhaps more cheaply. In twelve months wages have dropped from 20 to 60 per cent., and more. The wages of sheep herders and cowboys have been cut about 50 per cent. One section reports common labor receiving \$20 to \$25 a month, including board and room, the same labor which received \$75 to \$80 a year ago. The usual present figure is \$35 or \$40. The average for Minnesota is about \$40 for common labor; due to longer hours and harder work, dairy sections pay higher wages. "Perhaps a standard wage this year," says the chief of the division of farm management of the Department of Agriculture of the University of Minnesota, "would be \$40 as compared with \$70 last year. The percentage of decrease, however, should be figured on board cost as well as on price of labor. The total price would be about \$65 per month as against \$90 to \$100 last year."

As the item of labor is one of the most important in the farmer's and stock grower's schedule, this is a paramount influence (from the producer's point of view) for coming prosperity. Since 1915 the cost of labor has increased with a greater rapidity than any other item in the groups of agricultural economic influences. The prices of most of the articles which a farmer must buy have materially dropped during the past few months. Freight rates are an unfavorable factor, from the farmer's viewpoint.



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LIBERTY BONDS AT PAR

In a pamphlet setting forth a plan for maintaining Liberty bonds at par, M. W. Thompson, governor of the War Credits Board, states:

Two conditions must be fulfilled to hold any issue of bonds at par. (1) The payment of principal and interest when due must be unquestioned; and (2) the rate of interest paid on the bonds must always agree with the contemporaneous earning-power of money similarly invested. If either of these two entirely distinct and unrelated requisites be wanting, the value of the bond will shrink. The first factor, shaky security, everyone understands; the other, the relative interest rate, is not universally appreciated but is equally potent. The security of the Liberty Bonds for payment of principal and interest when due is the best in the world, yet they are selling far below par. The sole reason for that is, because their interest rate is too low for the present market. The like is true of great numbers of long term bonds issued years ago when interest rates were lower. The only way, then, to keep long term bonds of undoubted security constantly at par is to keep their interest rate continually

on a parity with the comparable market interest rate. Nothing more is needed; nothing else will accomplish the result. The essentials of the plan may be stated as follows:

"Create an issue of bonds having an adjustable interest rate that shall be redetermined semi-annually in advance to correspond with the market rate for money invested without hazard; those bonds will always be worth par."

The plan more in detail would be as follows:

It is proposed to create a new series of United States Consolidated bonds to the total authorized amount of say twenty-five billion dollars. These bonds shall run, say, from twenty to fifty years. They shall bear no fixed rate of interest, but shall state on their face that the interest to be paid for each half-yearly period shall be fixed and proclaimed for such period by the Treasury in advance at the rate per cent. that in the opinion of the Federal Reserve Board represents the then market earning power of money invested without hazard. The coupons shall contain similar provisions, and as each in turn falls due it will be paid in the amount previously set, which will have been announced in the financial columns of the papers. The issuance of coupons that do not bear a fixed amount involves no new

feature, for coupons on income bonds are blank in respect of amount. Interest on registered bonds would be paid by check from the Treasury at the same rate.

LABOR'S PART IN READJUSTMENT

On this subject the *Bache Review* says:

The war has developed, in labor, a stubborn refusal to readjustment. This is the case not only in this country, but all over the world, and especially in England. Labor policy generally refuses wage cuts and insists on short hours and below-par efficiency. In all other directions the readjustment has taken its course, and results have had to be accepted. The agricultural community, for instance, has been hard hit, and there appears to be no remedy.

The London Statist refers to the attitude of labor there, in a recent article: "In our own case the policy generally adopted by labor of maintaining the present wage scale takes little cognizance of the actual trade situation and the fall in the prices of commodities. Neither does it appreciate the hidden bonus on wages that the latter, in effect, constitutes. It fails to realize that the Continent will not buy United Kingdom exports—and probably thirty per cent. of the total goods production of the United Kingdom is exported—until prices come down substantially. No doubt reductions in this direction will accrue from the lowering of raw material prices, but a reduction sufficient to meet the competition of other countries can scarcely be achieved until the payments made to British labor rest on a lower level."

That the situation is better over here, than in England, is the opinion of the London writer.

"The decline in the cost of living and the depression in trade in the United States are being followed by a series of wages 'cuts' in most industries; consequently the influence of the dollar premium in protecting us from American competition in European markets will, in all likelihood, have to be largely discounted unless the course of action pursued in the United States is repeated here. It would be a serious thing for us if the European importer found it just as advantageous to pay in dollars as in pounds. The comparative willingness of the assent of many sections of American workers to an altered wages scale is an index of an outlook on the relations between Labor and Capital which differs in many respects from that found here. Towards the aim on the employers' part of maximizing production the readiness of all concerned to tolerate the introduction of new machinery is of the greatest advantage."

ARE PRESENT INTEREST RATES HIGH?

W. J. Wollman and Co. Review points out that present interest rates are not relatively high as compared with the past and states:

It is true that owing to the demand for capital by companies making new flotations the bid for funds of investors leads to the establishment of an attractive return. But when we look into the rates on commercial paper we must be prepared for a surprise. According to the First National Bank in St. Louis, the rates on commercial paper have been 7 per cent. or above during thirty of the last fifty years. They have been above 8 per cent. in nineteen different years. They have been 10 per cent. or above in seven years, and they reached the maximum height of 24 per cent. in the panic of 1873. In the entire half century the maximum rate has been below 6 per cent. in but five years—1885, 1888, 1911, 1915 and 1916. It is pointed out by the authority quoted that the business community probably has been influenced in its attitude toward money rates by the fact that in 1915 both the minimum and the maximum rate reached the lowest point for the entire period of fifty years. Moreover, during the war the money rate—the cost of capital—was largely under governmental control.

LIFE INSURANCE INVESTMENTS

Haley Fiske, president of the Metropolitan Life Insurance Company, in an address before the last annual meeting of life insurance presidents, on the subject of life insurance investments, after discussing the principles which should govern these, first being safety, then adequate yield, remarked:

It seems to me there should be another principle governing investments, namely, public needs. It would seem to be selfish and to be ignoring the fact that by reason of the large proportion of the population which is insured, it owes a certain regard for the needs of the people as a whole for a management to be governed entirely by the rate of interest, or by the investments it prefers, as in its experience it knows most about or is in a way associated with. In what channels can the management put its funds for public benefit provided these channels are safe? It would seem that insurance companies as a whole followed that principle.

STOCKHOLDING BY EMPLOYEES

On this subject the *Bache Review* says:

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INTEREST ALLOWED ON DEPOSITS.

An interesting part of the report of the United States Steel Corporation describes the movement for ownership of employees in shares of the corporation. The employees were offered the privilege of subscribing for shares of common stock in January, 1921. The price fixed was \$81 per share, and the conditions and terms substantially the same as those under which similar offerings have been made in previous years. Up to the time of the writing of the report, the subscriptions received were the largest made under any previous offering; 81,722 employees subscribed for an aggregate of 255,325 shares. During the year preceding 63,278 subscriptions were received for a total of 161,201 shares. So that there were about 20,000 more subscriptions and 90,000 more shares subscribed, than in the preceding year.

The report says that on January 31, 1921, there were 55,449 employees or members of employees' families, who were stockholders of record owning preferred and common shares of the corporation. There were also an additional 15,000 employees not stockholders of record, but who were subscribers to common stock offered under the stock subscription plan, and who were paying for their subscriptions in installments. During the year 1920, the usual distribution to employees of a special compensation to stockholders, under the plan established in 1903, was made.

The wisdom of the plan of thus encouraging employees to become part owners in their own companies, is brought to mind. If such a thing existed among railroad employees, it can be surmised that much less difficulty would be experienced in the wage matter, which is now at the bottom of the plight of the railroads.

LIQUIDATION OF LABOR

The First National Bank of Philadelphia says:

Liquidation of labor has become the chief factor in the most extraordinary financial

and industrial situation that has developed within the memory of those now living. Wages are being reduced just as the prices of staple commodities have been lowered and the movement is by no means ended. It is the most important task that the American people have engaged in since hostilities ceased, for it is a life and death question, not only for the workers whose wages are being reduced, but also for the infinitely greater multitude of citizens who are struggling hard to make both ends meet, owing to the continued high cost of labor which enters into everything that they eat, wear or consume. As regards railroad labor the unanswerable question is, Why should the American people pay the \$600,000,000 additional wages provided by the Railroad Labor Board's award of July 20th last, when living expenses have declined at least 25 per cent. and some of the best known railroad systems are furnishing transportation at a loss?

THE RAILROAD SITUATION

The Peoples National Bank of Pittsburgh reviews the railroad situation as follows:

The railroad situation went from bad to worse during the month just closed. It finally reached a stage where heroic methods were adopted to reduce operating expenses. The decrease in gross earnings was reflected in the large addition to the number of idle cars, due to the falling off in freights, particularly of fuel and of the raw materials which enter into steel making, but extending also to most other industries and to products of farm and forest. The effect upon operating income was even worse, because overhead charges remain virtually unchanged. The latest available figures show that after providing for operating expenses, fixed rentals and taxes, rail transportation was conducted at an actual loss on many of the largest systems. These conditions were not confined to any particular zone, but were quite general throughout the country.

The first recourse was to retrench in all

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improvements involving new capital; the second, to curtail purchases of supplies except for the most pressing needs; the third, to cut down operating forces; the fourth, to dispense with clerical help wherever possible; the fifth, to reduce forces in the engineering departments engaged in planning for the future, and the sixth, to reducing wages of labor not embraced in the "National Agreement" negotiated last year. In a few instances, announcement of proposed cuts in wages of organized labor was made, anticipating a favorable outcome to an appeal taken to the Railroad Labor Board to suspend or amend the award made last year. This appeal failing, the orders issued to reduce wages of labor under last year's agreement were rescinded.

Being blocked in an attempt to take a short cut in readjusting labor costs to post-war conditions, some of the roads have announced conferences to be held this month between employers and representatives of organized labor to obtain voluntary consent to a reduction in labor costs. In one instance where this method was adopted last month, the proposed reduction was rejected by the men and appeal was taken by the roads to the Railroad Labor Board. Of course, it is possible for scores of such appeals to be made, and if each were considered separately and in turn, months

would elapse before a decision could be reached in the last appeal filed. The consequence would be a multiplicity of varying costs in the same general territory, which would make for confusion to shippers, for dissatisfaction on the part of labor, and possibly for irretrievable financial loss to the operating companies. The hope is to have the appeals consolidated into one in order to reach a decision as speedily as possible.

REAL VS. MONEY WAGES

The National Bank of the Republic of Chicago says:

Nevertheless the cost of living can safely be set down as roughly one-fourth less than at the peak point of prices in February, 1920. Real wages, or command of money wages over goods, are therefore approximately one-third higher than on that earlier date. This is the outstanding fact to be borne in mind in connection with present efforts to reduce wages. Nor can serious consideration be given the claim that money wages had not advanced in proportion to living costs. The widespread purchase of automobiles and what has been termed the "silk shirt" epidemic amply refute this contention. The fact is that advancing wages ever widened the margin of income over

actual living costs and made possible a higher scale of living, all of which, of course, is highly desirable. On the other hand the refusal of labor in many trades to allow the readjustment of its nominal money wages in conformity with the enlarged buying power of the dollar, and its adherence in many cases to the uneconomic theory that less output per individual makes more work for all, are seriously obstructing and unnecessarily postponing the recovering in business.

BANKERS AND FARMERS

Writing in *The Corn Exchange*, published by the Corn Exchange National Bank of Philadelphia, Frederik Rasmussen says:

It is my opinion that some bankers have been as greatly at fault for not having established a satisfactory business relation with the farmer as is the farmer himself. This may be due to the fact that many bankers do not fully appreciate the effect on the whole life of the community of a progressive agriculture, and consequently the banker does not have the faith in agriculture which spurs him on to seek the business.

The banker should encourage such loans for productive purposes as will add to the assets of the community and the income of the farmer. To illustrate, last year there were 1,556,140 acres of wheat in Pennsylvania, with the average production of 17.1 bushels per acre. An increase of five bushels to the acre would add 7,830,700 bushels to the total production of the wheat crop, which at \$1.80 per bushel would increase the income to the farmer over \$14,095,260. A great many farmers could increase the yield by five or more bushels to the acre simply by purchasing improved wheat seed. At the Pennsylvania State College there has been developed a number of different varieties of wheat, which will average from 34 to 36 bushels to the acre.

The average yield of potatoes is about 143 bushels. By purchasing improved, disease-free seed and spraying, this yield in many cases could be increased by 75 bushels to the acre.

It would be good business for the bank not only to loan money for the purchase of better wheat seed and better potato seed, when asked, but to urge the farmer to make such loans. The same principle holds true for the loan of money for the purchase of pure bred livestock, like cattle, sheep, swine and poultry. The banker who is in sympathy with and understands the need of the farmer is one of the greatest factors in the development of agriculture in the community. Such a man is more than a lender of money. He becomes the financial adviser of the farmer.

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WORLD COMMODITY PRICES

The Monthly Review published by the Federal Reserve Agent of the Federal Reserve Bank of New York says in its issue of April:

There has been no pause in the downward movement of world prices. The Economist and Statist indices in Great Britain both indicate more extensive declines during February than during January, and the number compiled by the French Bureau de Statistique General has shown a steadily accelerating decline in the past three months. The only index of foreign prices thus far available for the early weeks of March is the index compiled by this bank of prices in England for 25 basic commodities, and it shows no abatement in its rate of decline. In the United States the downward movement, as shown in the Department of Labor index, is slightly less rapid than in recent months.

If a general average were to be taken of the available figures on world prices, it would show that prices have fallen about one-third from the high point reached in 1920, and that they are at present a little more than twice as high as they were in 1913. The United States and Japan are

the outstanding countries in which declines have been greater than the average, and Germany, Italy and France are the outstanding countries in which prices are still relatively highest. Prices in Scandinavian countries are also considerably more than twice as high as in 1913.

A REVIEW OF ECONOMIC CONDITIONS

In view of the degree of uncertainty as to economic conditions at present existing, particularly with respect to the housing situation throughout the country, the United States Mortgage and Trust Company of New York, following its long established custom, has obtained through its correspondent banks, mortgage representatives and attorneys in over fifty cities in the South, West and Middle West, a consensus of opinion on the following subjects:

1. Supply of Business and Residence Space and Prospects—Trend of Rents.
2. Volume and Class of New Construction—Real Estate Market.

3. Supply of Mortgage Funds and Tendency of Rates.

4. Reduction in Labor and Building Costs — Labor Efficiency — Unemployment.

5. Price Reductions and Volume of Retail Trade.

A digest of the reports received covering the various subjects is given herewith:

1. SUPPLY OF BUSINESS AND RESIDENCE SPACE
PROSPECTS—TREND OF RENTS.

It is manifest that the shortage in business and residence space (particularly the latter) brought about by the lack of construction during the war has not to any large extent been met, this by reason of excessive labor and building costs and to what is perhaps of equal importance, a condition in the building trades until recently which has made for inefficiency and uncertainty. The seriousness of the shortage is not to be minimized but the encouraging fact noted is a quite general if slight evidence of improvement. Rents are naturally holding high and firm, pending the erection of more buildings.

2. VOLUME AND CLASS OF NEW CONSTRUCTION
—REAL ESTATE MARKET.

The reports indicate clearly that the volume of building construction is substantially reduced. This is due not only to factors referred to in the preceding paragraph, but to higher money rates and the sudden recession from wartime prosperity. The residential shortage being the most acute and financial requirements in connection with same being more readily met by local funds, it is but natural that new construction is confined largely to homes. Such business buildings as are being erected consist of structures for public use, buildings for special utilities and occasional business buildings for pressing needs. There is but a small amount of business property changing hands, owing to financial conditions and to a reluctance to capitalize increased values, because of the operations of the Excess Profits Tax. There is a moderate activity in residence properties, particularly in the smaller types.

3. SUPPLY OF MORTGAGE FUNDS AND TENDENCY
OF RATES.

In general there seems to be a fair supply of mortgage funds but with rates ruling high and lenders cautious as to building costs and types of property. The funds of the large Life Insurance companies, which are going increasingly into city and farm loans, are now an important factor. While rates are firm in certain sections the tendency may be said to be slightly downward.

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Metropolitan Trust Company	- -	New York City
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French-American Banking Corporation	- -	New York City
Cortland Savings Bank	- -	Cortland, N. Y.
Sanford Trust Company	- -	Sanford, Me.
Perth Amboy Savings Bank	- -	Perth Amboy, N. J.
National Traders' Bank	- -	New Haven, Conn.
Liberty National Bank	- -	Washington, D. C.
Essex National Bank	- -	Montclair, N. J.
Bath National Bank	- -	Bath, N. Y.
First National Bank	- -	Harmon, N. Y.
Bank of Hicksville	- -	Hicksville, L. I., N. Y.
Citizens National Bank	- -	Caldwell, N. J.
Peoples National Bank	- -	New Brunswick, N. J.
Bank of Coney Island	- -	Coney Island, N. Y.
First National Bank	- -	Jamaica, L. I., N. Y.

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Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

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42 Broadway, New York

4. REDUCTION IN LABOR AND BUILDING COSTS —LABOR EFFICIENCY—UNEMPLOYMENT.

While labor costs are almost uniformly lower the largest reductions are confined to unskilled labor. The trend of wages however, is clearly downward. Building costs have generally dropped somewhat more than labor costs, apparently as the result of reductions in materials and great efficiency of labor, which latter in turn, has been influenced by widespread unemployment.

5. PRICE REDUCTIONS AND VOLUME OF RETAIL TRADE.

It is significant to note that retail prices have almost invariably failed to approximate the substantial reductions in wholesale prices, retail merchants resorting to special sales and increased advertising to tide over a situation which is apparently improving. Purchases are being confined much more generally to essentials and buyers are more cautious as to prices and quality.

To sum up the situation as a whole, there is a pronounced shortage of business and residential space throughout the country, especially the latter, but with some tendency

to improvement. Rents are quite uniformly high and firm, any decreases being offset by corresponding increases. Building construction is substantially curtailed, being largely confined to moderate price dwellings, public or special buildings. There is little market for business properties with dwellings somewhat more active. The supply of mortgage funds is moderately good but at high rates, with a slight downward tendency. Labor costs have been somewhat reduced with more substantial reductions in unskilled labor. Building costs show a greater decrease, due to substantial reductions in materials and to more efficiency in labor. Unemployment is almost uniformly above normal. Wholesale prices are off substantially with retail prices resisting somewhat stubbornly, by reason of a natural unwillingness on the part of merchants to take losses on goods purchased at higher prices and to a somewhat noticeable tendency to improvement in general conditions.

PREDICTS RETURN TO NORMAL

David R. Forgan of the National City Bank of Chicago recently stated that the "crisis has been passed; that the worst is over and that recovery, although slow, has begun and will be sure." He stated further:

"If the new administration at Washington disposes of our chief problems wisely," says Mr. Forgan, "I see no reason why the present year should not witness a return to fairly normal business. Revision of Federal taxation, the tariff and railroad freights are fundamental. They are too complicated to discuss here, but they must be studied and settled scientifically—not politically.

"Two things I think the government ought to do: The debts of the Allies to the United States should be funded. The balance of our Liberty loan issue should be refunded into an issue of bonds payable at the option of the government, after twenty years, bearing 4 or 4½ per cent. and tax free to the extent of \$5,000,000 in any individual holding.

"If these two things were accomplished the chief obstacle to the improvement of foreign exchange and freer intercourse with foreign countries would be removed, and money for commercial borrowers would, to some extent, at least, be made cheaper, which would help the business recovery that we are all hoping for."

ESSENTIALS FOR RECONSTRUCTION

The Bulletin of the Whitney-Central Banks of New Orleans states:

Restoration of activity in industry awaits the re-establishment of the equilibrium be-



All Over the Country

from California to Maine, spreads a network of Collins clients —

Bankers operating in agricultural communities, mining, manufacturing and industrial centers, and residential sections.

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Whatever your sphere of banking activities, Collins is qualified to serve you.


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PHILADELPHIA PENNSYLVANIA

tween wholesale prices, retail prices, and wages. Some commodities have undoubtedly fallen too far; others have not yet gone far enough. Meantime, business comes to a standstill, for those whose incomes have been reduced simply cannot buy at the old price levels, no matter how convincing sellers' arguments may sound about high costs of production. Production costs have to be deflated along with everything else. It is encouraging to note evidence of a better understanding of the changes that are occurring. Men have found that the troubles are not peculiar to themselves, or to their particular industry, but are general, and they have become better reconciled to the

futility of attempting to bolster up prices by artificial methods. They are recognizing now that the way out of difficulty lies in accomplishing an even, all-around reduction in prices so that smaller incomes may be balanced by a lower cost of the commodities they must buy. Business can be as active and as satisfactory on a moderate price level as on a high one. The disturbance comes only during the period of readjustment. It is therefore to the advantage of all—producers, manufacturers, wholesalers, retailers, and wage earners—to facilitate and shorten the transitional period by each showing a willingness to undertake his share of the burden.



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Royal Bank of Canada



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FIFTIETH ANNIVERSARY OF EQUITABLE TRUST COMPANY

The officers of the Equitable Trust Company of New York gave a dinner at the University Club, April 19, to celebrate the institution's fiftieth birthday. President Alvin W. Krech and the trustees were guests of honor. A silver loving cup was presented to Mr. Krech, whose speech was devoted in part to a review of the history of the Equitable since it was founded on April 19, 1871, by special act of the State Legislature, under the name of the Traders' Deposit Company.

COAL AND IRON NATIONAL BANK

The Coal and Iron National Bank of New York has announced completion of alterations of the new banking rooms and safe deposit vaults at Liberty and West Streets, which will greatly facilitate service to clients.

C. E. MITCHELL ELECTED PRESIDENT OF NATIONAL CITY BANK

Charles E. Mitchell, president of the National City Company, has been elected president of the National City Bank of New York, to succeed James A. Stillman, resigned. At the same time E. P. Swenson, senior member of the banking firm of S. M. Swenson and Sons, 61 Broadway, was elected chairman of the board.

John A. Garver, Percy A. Rockefeller and Mr. Swenson were appointed additional members of the executive committee.

PRESIDENT OF GUARANTY TRUST DENIES STATEMENT MADE BY W. JETT LAUCK

Charles H. Sabin, president of the Guaranty Trust Company, in response to a query concerning the statement made before the United States Labor Board, April 19, by W. Jett Lauck, economist for the unions, replied as follows:

"So far as the Guaranty Trust Company is concerned, the statement reported to have been made by W. Jett Lauck in Chicago before the

Railroad Labor Board in regard to the alleged combination of New York banks to deflate labor, is absolutely and unqualifiedly false in every respect. This company has never been a party, either formally or informally, to any such understanding, agreement or combination and, furthermore, neither I nor any of my associates ever heard of such an alleged combination or any discussion or proposition relating to it. Mr. Lauck's statement that New York banks have combined to cause the spread of unemployment is also utterly false.

"As to the specious reasoning that the 'industrial paralysis' is 'capital on strike against society,' any observer of the general economic situation must be aware that the existing industrial depression in the United States is due to post-war, world-wide conditions, and that if capital went on a 'strike' against society it would be striking against itself and suffer quite as much as society. Capital, which is composed of the savings of all classes, would have far more to lose than labor in making 'labor come to its knees.' And labor, on the other hand, has much to lose in heeding such economic fallacies and absurdities as those advanced in the statement referred to.

"The popular recourse of the demagogue and the agitator in attempting to plead his cause is almost invariably to attempt to set up a mythical 'Wall Street' opposition, and this seems to be just another instance of that kind of utterly unwarranted appeal to popular prejudice and ignorance. The alleged statement is not only untrue, but most unfair. No institutions or organizations in the country have struggled harder against difficulties to preserve the financial, industrial and commercial stability of the country through this period of world-wide reaction and economic readjustment than the banking institutions of New York in their individual capacities. It is largely through their efforts, with the co-operation of the Federal Reserve System, that this country has been able to pass through this necessarily painful period with such a relatively small amount of suffering by either business or labor. The burden of the situation has, as a matter of fact, fallen far more heavily upon capital than upon labor. The values of securities and commodities have been deflated far more than wages in the general economic reaction of the world from inflated war conditions.

"Even a most casual survey of the facts would show that the banks of the country have extended their credit resources to the utmost limit of safety in financing industry and commerce, sustaining business and the employment of labor as far as lay within their power.

"So far as our own company is concerned, if it has any opinions or policies to suggest on the labor question, they will be expressed by this institution individually and openly on its own responsibility."

MECHANICS AND METALS SAFE DEPOSIT COMPANY

An authorization certificate has been issued for the organization of the Mechanics and Metals Safe Deposit Company of New York, with a capital of \$300,000, at 25 Broadway. The incorporators are: Gates W. Mc-



THIS modern bank building, the home of the Warren Institution for Savings of Boston, stands on Park Street, facing famous Boston Common and adjoining historic Park Street Church. It is a good example of the highest type of combination bank and office building. It was planned by

Thomas M. James Company

3 Park St., Boston, Mass.

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Garrah, John McHugh, Samuel F. Pryor, Thomas B. Nichols, and Henry W. Macomber.

CHARLES HAYDEN

Charles Hayden, of Hayden, Stone & Co., has been elected a member of the executive committee of the New York Trust Company.

BANK MERGER DENIED

A report which appeared in the New York newspapers to the effect that a consolidation of the National City Bank and the Mechanics and Metals National Bank was being contemplated and that John McHugh, vice-president of the latter bank, would be president of the consolidation was emphatically denied by Gates W. McGarrah, president of the Mechanics and Metals, who stated:

"The statement appearing in morning newspapers to the effect that a merger of the Mechanics and Metals National Bank and the National City Bank is in contemplation, or that John McHugh is to become president of the National City Bank, is absolutely untrue."

GUARANTY TRUST APPOINTMENTS

At a meeting of the executive committee of the board of directors of the Guaranty Trust Company of New York, E. M. Bentley was appointed an assistant treasurer of the company and William H. Hamilton was appointed an assistant secretary at the company's Brussels office.

MORTIMER N. BUCKNER

Mortimer N. Buckner, chairman of the board of trustees of the New York Trust Company, has been elected a director of the Textile Banking Company, Inc., to take the place of Edmund C. Converse, deceased.

ANNUAL DINNER OF SEABOARD CLUB

The eighth annual dinner and dance given by the Seaboard Club of the Seaboard National Bank of New York, at the Hotel McAlpin, April 5, was an enjoyable affair. The officers of the Seaboard National were the specially invited guests of the club, whose two hundred members are employees of the bank.

The evening's entertainment consisted of several musical numbers and addresses, being followed by dancing in which both officers and employees participated.

1781

The Oldest Bank in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

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Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

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Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1921

EQUITABLE TRUST TEAM WINS EVERY GAME OF SEASON

The victorious Equitable Trust Company of New York basket ball team, winners of the Bankers' Athletic League championship, came through the season just closed without a defeat. A schedule of seventeen games was played. The champions piled up a final total of 637 points against their opponents, 257, the highest score being made in the game with the Atlantic National Bank which ended 57-17.

An inter-city championship series is now in progress between the Equitable Trust Company team and the five of the National Shawmut Bank of Boston. The first game of the series was played in Boston, March 26, and was won by the Equitable team by a score of 34-27.

BOWERY SAVINGS BANK TO HAVE NEW HOME

Plans were filed recently for the construction of a new home for the Bowery Savings Bank of New York, which will be located

at 110 to 116 East Forty-second Street and 107 to 115 East Forty-first Street, and will be fourteen stories high. It will be occupied by offices as well as the bank, and will have a frontage of 104.6 feet on each street. York & Sawyer, the architects, have estimated the cost at \$1,000,000.

NEW BANK BUILDING BY HOGGSON BROTHERS

Contracts have been awarded recently to Hoggson Brothers of New York and Chicago for extensive alterations to the Egg Harbor Commercial Bank of Egg Harbor, New Jersey, and the First National Bank of Ossining, New York.

Active work has started on the Egg Harbor Commercial and includes moving the existing building to a new site, enlarging the main banking room and installing new equipment.

Construction starts soon on the First National of Ossining which includes a large rear extension and an addition to the front of the existing building. Both operations are to be finished in the early fall.



Equitable Trust Company Basketball Team

STANDING:—Lynch, Weiner, Farles, C. A. Donzau, Manager, O'Hara, Griffin, Stonsland
SITTING:—Giniff, Faig, Norman, Clarkson

NEW ASSAY OFFICE OPENS

The new United States Assay Office at Wall and Nassau Streets was opened April 4. Verne M. Boyle, superintendent of the Assay Office, and other officials moved into their quarters some time ago.

The building represents the completion of



United States Assay Office, Wall and Nassau Streets

a program instituted about fourteen years ago, when the building in Pine Street was started. The Wall Street building was not begun until some years later. With its opening Mr. Boyle said that for the first time the Assay Office in this city had proper facilities to handle business.

A vault of five stories, all under the ground, is one of the features of the new building. This vault will hold \$5,000,000,000 in gold. The executive offices, the receiving department, the cashier's office, and the Assayer's department, are housed in the structure.

INVESTMENT BANKERS' ASSOCIATION

President Osgood of the Investment Bankers' Association of America has announced the personnel of the railroad securities committee as follows: Pierpont V. Davis, chairman, National City Company, New York; Franklin Q. Brown, Redmond & Co., New York; John G. Brogden, Strother, Brogden & Co., Baltimore; Robert K. Cassatt, Cassatt & Company, Philadelphia; Walter Janney, Montgomery & Co., Philadelphia; F. J. Lisman, F. J. Lisman



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The
FOURTH STREET
NATIONAL BANK
Philadelphia

& Co., New York; Everett B. Sweezy, First National Bank, New York; Charles S. Sargent, Jr., Kidder, Peabody & Co., New York; Francis M. Weld, White, Weld & Co., New York; Allen B. Forbes, ex-officio, Harris, Forbes & Co., New York.

H. M. Addinsell of Harris, Forbes & Co., New York, has been appointed chairman of the public service securities committee. Mr. Addinsell succeeds O. B. Willcox, recently resigned from the board of directors.

NEW ASSISTANT CASHIER OF SEABOARD NATIONAL BANK

At a meeting of the board of directors of the Seaboard National Bank of New York, held April 7, Alexander A. McKenna was elected assistant cashier. Mr. McKenna was born in New York and his connection with



ALEXANDER A. MCKENNA
Assistant Cashier Seaboard National Bank

the Seaboard began in 1909. He has served in various capacities in the bank and during the past two years has had charge of the bank's securities department.

In addition to being president of the Seaboard Club, he is a member of the American

Institute of Banking and has taken an active interest in banking and institute affairs.

CHEMICAL BULLETIN OUT

The first issue of the Chemical Bulletin, the outgrowth of the house organ of the Chemical National Bank of New York, has been sent to customers and friends of that institution. It is an attempt of the bank "to interpret the state of business in a non-technical fashion that will be attractive and helpful for the average busy man."

NEW BANK CALL FORMS

The forms for the regular bank calls on National banks have been remodeled by the new comptroller of the currency, Mr. Crisinger.

The forms that have been in use for several years past were long and embraced a great variety of questions that the new commissioner thinks should be dispensed with. On the whole the new forms are less involved and more direct and effective.

The questions placed on the forms a few months ago as to the salaries of bank officials and employees and as to vacations have been dropped. The entire form is simplified and standardized so that it will prove more acceptable to bankers.

The Comptroller is to require only five National bank calls a year, instead of the six that the banks have had to answer since the beginning of 1915, and the number of items to be answered in each report will be put back to something approximating the former number and the style.

APPOINTED MANAGER OF NEW BUSINESS DEPARTMENT

V. W. Miller, former assistant secretary of the Equitable Trust Company of New York, has been appointed manager of the new business department of the Central Union Trust Company of New York.

JOHN P. MAGUIRE

John P. Maguire, vice-president of the Textile Banking Company, Inc., has been elected a director of the Royal Indemnity Company.

NEW EQUITABLE TRUST COMPANY TRUSTEE

The Equitable Trust Company of New York has announced the election of Averill

Tilden as trustee of the company. Mr. Tilden is president of Edward Tilden and Company, vice-president of Merrill Cox and Company, and director of the Fort Dearborn National Bank and the Drovers Trust and Savings Bank of Chicago.

ALBERT H. WIGGIN ELECTED PRESIDENT OF CHASE NATIONAL BANK

At a regular meeting of the board of directors of the Chase National Bank of New York, held April 6, Albert H. Wiggin, chairman of the board of directors, was elected president of the bank.

BANK CLUB ELECTS OFFICERS

At its annual meeting April 21, the U. S. Mortgage and Trust Company Club elected the following officers and executive committee members: M. A. Hopkins, president; Wm. J. Wittman, vice-president; Evelyn Andrews, secretary; T. G. B. Cortelyou, Jr., treasurer.

BROWN BROTHERS & CO. ISSUE BOOKLET

Elsewhere in this number we reproduce several illustrations from a booklet recently issued by Brown Brothers & Co., describing the addition to their banking home which was recently completed.

RUDOLPH GUENTHER SAILS FOR EUROPE

Rudolph Guenther, president of Rudolph Guenther-Russell Law, Inc., advertising agency, sailed on the steamer Nieuw Amsterdam. He goes abroad primarily on business, and will visit the financial centres of England, Holland, Germany, France, Italy and Spain.

MURRAY OLYPHANT

Murray Olyphant has been appointed manager of the investment service department of the United States Mortgage and Trust Company of New York.

JAMES E. ORR BECOMES MEMBER OF FIRM OF ORR, CARVER AND VAN DYNE

James E. Orr, assistant cashier of the Seaboard National Bank, New York, resigned April 4, to become a member of the



WALTER S. McLUCAS

Mr. McLucas resigned from the presidency of the Commerce Trust Company of Kansas City to become vice-president of the National City Bank of New York

co-partnership firm of Orr, Carver and Van Dyne, who will transact a commission business in foreign exchange with offices at 34 Pine Street, New York.

Mr. Orr has been associated with the Seaboard National Bank for over fifteen years and during the last five years has had charge of the bank's foreign department. He is well-known in banking circles in this city and in the West and Southwest.

Alexander B. Carver until recently handled the foreign exchange trading for the Central Union Trust Company of New York, while Howbert Van Dyne has been connected with the brokerage firm of Reith and Baker.

With their wide acquaintance among financial institutions and business firms, the success of the firm is assured. They will be ably equipped in facilities to render an exceptional character of service to their clients.

CHATHAM AND PHOENIX ESTABLISHES NEW DEPARTMENT

The Chatham and Phoenix National Bank of New York has established a trust department which will be available at the company's main office and each of its twelve branch banks located from the Battery to the Bronx.

COMPLETION OF MERGER OF NEW YORK TRUST COMPANY AND LIBERTY NATIONAL BANK OF NEW YORK

The merger of the Liberty National Bank of New York with the New York Trust Company was completed on April 1 and the operation of the combined institutions under the name of the New York Trust Company became effective on that date.

The merger brings together two long es-



HARVEY D. GIBSON
President New York Trust Company

established New York banking organizations of similar traditions and approximately equal resources and length of service. The combination of the facilities and long experience acquired by each in its particular field provides for the customers of these institutions a complete commercial banking service, both domestic and foreign, together with unexcelled service in all trust matters.

The main office of the company will be at 26 Broad street. The Liberty office will be at the former headquarters of the Liberty National Bank at 120 Broadway. Business will be conducted exactly as heretofore and customers will meet at each office the same

officers and employees as in the past. The Fifth Avenue office, at 57th street and Fifth avenue, will continue as heretofore.

The New York Trust Company will conduct departments in domestic and foreign commercial banking along with the usual trust company services. Safe deposit vaults for individuals or corporations are available at the Fifth avenue office. Conference rooms are located there at the disposal of customers for conferences and committee meetings. Advice concerning investments and income tax service is also offered customers.

The company acts as registrar and transfer agent for the bonds and stocks of corporations and as fiscal agent in matters pertaining to Federal and State income taxes.

The condensed statement of the New York Trust Company at April 1, 1921, was as follows:

RESOURCES

Cash in office and due from banks	\$7,181,486.38
Reserve with Federal Reserve Bank	16,170,179.92
Loans and discounts	141,797,560.66
United States bonds and Certificates of Indebtedness ..	9,322,328.95
Other bonds and stocks	23,125,742.10
Real estate investments	3,732,299.13
Exchanges for Clearing-house	24,468,283.50
Accrued interest and accounts receivable	1,295,090.21
Customers' liability account of acceptances bought and sold	8,144,250.06
Customers' liability:	
Under acceptances	3,468,323.77
Under letters of credit	1,272,165.73

\$239,977,710.41

LIABILITIES

Capital stock	\$10,000,000.00
Surplus fund	10,000,000.00
Undivided profits	6,067,558.92
Circulation (Liberty National Bank)	1,885,605.00
Deposits	164,743,359.71
Reserve for taxes, etc.	1,138,613.99
Due Federal Reserve Bank of New York	31,968,632.04
Accrued interest and accounts payable	903,506.64
Contingent liability on acceptances bought and sold ..	8,144,250.06
Domestic and foreign acceptances	3,854,018.32
Letters of credit	1,272,165.73

\$239,977,710.41

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Branches in over 300 leading cities in America, Europe and Africa. Pupils traveling may transfer the value of their lessons from one city to another without additional cost.

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The officers of the merged institution are:

Otto T. Bannard, chairman of the advisory committee; Mortimer N. Buckner, chairman of board of trustees; Harvey D. Gibson, president.

Vice-presidents: Joseph A. Bower, James Dodd, Frederick J. Horne, Joseph S. Maxwell, Herbert W. Morse, George Murnane, Sidney W. Noyes, Alexander V. Ostrom, Charles W. Riecks, Ernest Stauffen, Jr., Harral S. Tenney; treasurer, Frederick W. Walz; secretary, Boyd G. Curts; assistant vice-presidents, Harry Forsyth, Theodore C. Hovey; assistant to the president, Bert Clark; assistant treasurers, William J. Birdsall, Danforth Cardozo, Raymond G. Forbes, Louis W. Knowles, Edward B. Lewis, Frederick P. McGlynn, Edward J. Whalen; assistant secretaries, Irving L. Bennett, Lindsay Bradford, Aug. C. Downing, Jr., Walter MacNaughten, H. Walter Shaw, Sidney B. Silleck, William H. Taft, 2d; auditor, Albert L. Earle.

Fifth Avenue Office: Vice-president and manager, Charles E. Haydock; vice-president, James G. Blaine, Jr.; assistant secretaries, Mrs. Key Cammack, Joseph A. Flynn, Russell V. Worstell.

Trustees: Otto T. Bannard, chairman advisory committee; Mortimer N. Buckner,

chairman of board; Thomas Cochran, J. P. Morgan & Co., James C. Colgate, James B. Colgate & Co.; Alfred A. Cook, Leventritt, Cook, Nathan & Lehman; Arthur J. Cumnock, Catlin & Co.; Otis H. Cutler, chairman American Brake Shoe & Foundry Co.; Henry P. Davison, J. P. Morgan & Co.; Robert W. deForest, DeForest Brothers; George Doubleday, president Ingersoll-Rand Co.; Russell H. Dunham, president Hercules Powder Co.; Samuel H. Fisher, New York; John A. Garver, Shearman & Sterling; Harvey D. Gibson, president; Thomas A. Gillespie, chairman T. A. Gillespie Co.; Charles Hayden, Hayden, Stone & Co.; Lyman N. Hine, president American Cotton Oil Co.; F. N. Hoffstot, president Pressed Steel Car Co.; Walter Jennings, New York; Darwin P. Kingsley, president New York Life Insurance Co.; Edward E. Loomis, president Lehigh Valley Railroad Co.; Howard W. Maxwell, vice-president Atlas Portland Cement Co.; Ogden L. Mills, New York; Edward S. Moore, vice-president Beech-Nut Packing Co.; Junius S. Morgan, Jr., J. P. Morgan & Co.; Grayson M.-P. Murphy, G. M.-P. Murphy & Co.; Henry C. Phipps, New York; Charles W. Riecks, vice-president; Dean Sage, Zabriskie, Kerr & Gray.

J. H. PERKINS ELECTED PRESIDENT OF FARMERS LOAN AND TRUST COMPANY

James H. Perkins of Montgomery & Co. has been elected president of the Farmers' Loan and Trust Company of New York, to succeed Edwin S. Marston, who has been president of the institution for years and



JAMES H. PERKINS

President Farmers Loan and Trust Company
of New York

retires on a pension June 16. Mr. Marston has been connected with the Farmers' Loan and Trust Company for thirty-eight years. He is about 70 years old.

Mr. Perkins has been active in the financial district since 1914, when he became a vice-president of the National City Bank. Some time before that he became a vice-president and subsequently president of the National Commercial Bank of Albany, N. Y., succeeding as head of that bank Charles H. Sabin, now president of the Guaranty Trust Company.

Mr. Perkins, who was graduated from Harvard in 1898, became associated with the Baker Chocolate Company of Milton, Mass., and worked his way to an executive post with that concern. In 1908 he became

identified with a trust company in Boston, and since then had continued in the banking business, with the exception of the time he spent in war service.

In the war he joined with Colonel Grayson M.-P. Murphy in Red Cross work and went to France with that organization. When Colonel Murphy was transferred to active service with the expeditionary forces, Mr. Perkins took command of the Red Cross work in France, and for his services received several decorations.

In 1919 Mr. Perkins resigned as vice-president of the National City Bank and became a partner in Montgomery & Co.

MEDLEY, SCOVIL & COMPANY

To meet the needs of its rapidly growing organization Medley, Scovil & Co., advertising agents, have moved from 25 Broad street to the new Cunard Building, New York.

PUBLIC NATIONAL BANK

The Public National Bank of New York has opened a new extension at Delancey and Ludlow streets. The bank has also purchased an additional building near the Graham avenue branch, Brooklyn, with a view of extending its facilities. The Pitkin avenue branch, Brooklyn, will also be enlarged.

CHARTERED BANK OF INDIA

The New York agency of the Chartered Bank of India, Australia and China has been moved from 88 Wall Street to 44 Beaver Street. The need for more adequate facilities for the handling of financial transactions between India, China, other countries and the United States caused the change. The New York agent is William Baxter. The head office of the bank is at London.

BANCO DI ROMA ORGANIZES BANCO DEL LEVANTE

The Banco del Levante, with head office at Alexandria, Egypt, has been organized by the Banco di Roma, with a capital of £1,000,000. The new institution will take over the flourishing branches of the Banco di Roma in Egypt, Syria and Palestine. It will also absorb the old established Cassa di Sconto & di Risparmio of Alexandria. The Banco di Roma, holding the majority interest in the new institution, will govern its administration.

Comm. G. Vicentini has been elected

chairman of the board of directors and Comm. G. Vannucci, managing director. Both are from the Banco di Roma.

When the Sultan of Egypt was notified of the passage of the Constitutional Act permitting the formation of the bank, he replied as follows to Mr. Vincentini:

"His Highness, The Sultan, my Sovereign Lord, has welcomed with great pleasure the news of the constitution of the Banco del Levante under the auspices of the Banco di Roma with the participation of Egyptian capital.

"His Highness has instructed me to tender to you and to the members of the board of directors, his most sincere thanks and wishes for the prosperity of this new establishment, so that through the example of the Banco di Roma it may become a powerful factor of progress and a useful instrument for the Italian-Egyptian economic relations."

The Grand Chamberlain.

The creation of this important financial institution has met with the greatest favor in the large Italian colony and in Egyptian and international business circles. A prosperous future seems assured to it.

The Banco di Roma is known in Egypt and the Near East as the pioneer Italian commercial bank in those countries and an important factor in their economic development.

The head office of the Banco di Roma is in Rome, Italy. The New York office is at 1 Wall Street. Rodolfo Bolla is New York representative.

HARVEY FISK AND SONS, INC.

The business of Harvey Fisk and Sons and that of Blodgett, Hart and Company, Inc., have been combined and will hereafter be conducted as Harvey Fisk and Sons, Inc., 32 Nassau Street, New York.

Pliny Fisk is chairman of the board of directors, and John H. Blodgett, president.

THE BANK OF THE MANHATTAN COMPANY

The Bank of the Manhattan Company, New York, has opened a branch in Maspeth, Long Island.

DUDLEY F. FOWLER

Dudley F. Fowler, recently a member of War Department Claims Board, Washington, D. C., has been appointed assistant trust officer of the Bank of America, New York.

DEATH OF EDMUND C. CONVERSE

In response to a request for a statement from the Bankers Trust Company regarding the death of Mr. Converse, Seward Prosser, president of that organization, said:

"No formal resolution by our board can adequately convey the sense of personal bereavement of the officers and directors of the Bankers Trust Company caused by the death of Mr. Edmund C. Converse, nor does the mere recital of his official connections with this company give any real idea of what Mr. Converse meant to all of us who knew him, and all of us did know him. Mr. Converse was the first president of the Bankers Trust Company, serving from 1903 to 1913, and had always been an active director of this company and a member of our executive committee. His office was in our building and he was ever ready to meet with loyal service any request made of him by the Bankers Trust Company. To the guiding influence Mr. Converse exercised in shaping the policies and in the conduct of the Bankers Trust Company from the time of its formation has been due much of our success. His integrity, his unswerving sense of right and of honorable obligation, coupled with a kindly consideration that made men his admirers and friends, qualified Mr. Converse to exercise a great influence in the many business enterprises of this country in which he was always active. To his friends—and no man was ever blessed with more profound and constant affection from those who had the privilege of really knowing him—Mr. Converse was a man of many lovable characteristics. He had a keen sense of humor, which never degenerated into the frivolous; he had a profound contempt for sham and hypocrisy, which he could express emphatically and pointedly at times, and he had the ability, notwithstanding the multitude of his responsibilities, to interest himself personally in the problems of those with whom he worked. To this latter quality, many a man now successful in business, who had the good fortune to attract Mr. Converse's attention because of ability or promise, can attribute his first chance to do bigger things. No man who served under him occupied a position too humble to attract his attention. He went among men with a sense of understanding and genial humor that found everywhere a response, so that to-day the shadow of his loss falls heavily upon everyone of us who had the privilege of knowing him. I would not speak here of my own personal grief in losing Mr. Converse, but I would like to say on behalf of all the officers and directors of this company that in singleness of purpose, in devotion to this organization with which he was connected from its inception, and in fidelity to duty and trust, he was an exceptional man, and to his friends and to all of us who knew him, he was an affectionate friend whose place can never be filled."

CHANGE OF NAME OF BUFFALO BANK

The Citizens Commercial Trust Company of Buffalo, New York, has been granted a change of name to Citizens Trust Company.

REPORT OF THE J. G. WHITE COMPANIES

The amalgamated balance sheet of the J. G. White Companies, of New York, for the year ending December 31, 1920, which combines the figures of J. G. White & Com-

pany, Inc., J. G. White Engineering Corporation, J. G. White Management Corporation and the Engineers' Corporation, showed assets of \$7,121,991.61, capital issued, \$4,300,000, and surplus and undivided profits, \$1,101,509.58, as compared with \$820,090.27 in the previous balance sheet—a net addition, after preferred stock dividends and taxes of \$281,419.31, or approximately 19 per cent. on the amount of common stock in the hands of the public.

SAFE DEPOSIT COMPANIES OF NEW YORK STATE

The total resources of the safe deposit companies of New York State at January 1, 1921, were \$12,240,833.51. The combined capital stock was \$7,205,000.

NATIONAL BANKS OF PHILA- DELPHIA

The National banks of Philadelphia, Pa., at February 21, 1921, showed a combined capital stock of \$27,155,000, surplus and net profits of \$67,063,896, an increase of \$4,557,223 over a year ago. Deposits were \$501,172,812, a decrease of \$22,804,739 from a year ago.

NATIONAL CONFERENCE OF MUTUAL SAVINGS BANKS

The Second National Conference of Mutual Savings Banks was held in Philadelphia, on April 27 and 28. Officers of the conference were: Chairman, George E. Brock, president, Home Savings Bank, Boston; vice-chairman, William E. Knox, vice-president, Bowery Savings Bank, New York; secretary-treasurer, Milton Harrison. A feature of the convention was the exhibit by various institutions of devices which they are using to facilitate operations.

INTERNATIONAL HARVESTER COMPANY REPORT

The annual report for 1920 of the International Harvester Company presents sharp contrasts. For the first six months of the year goods were in such demand that the

capacity of the company was taxed to secure the necessary material and to manufacture the product; while in the last six months efforts were directed to slowing down activities and curtailing the manufacturing program.

The total sales for 1920, aggregating \$225,000,000, were the largest in the company's history, and compare with \$212,000,000 in 1919, and \$204,000,000 in 1918.

The net profit for 1920 was \$16,655,000, which compares with a profit of \$20,011,000 in 1919, before deducting the balance of war losses charged off in that year. The percentage of net profit to capital invested in 1920 was 7.9 per cent., in 1919 the profit percentage, before charging off war losses, was 9.6 per cent.

Cash collections on the business transacted during the year were 87 per cent. in the United States, 75 per cent. in Canada, and 70 per cent. in the European and other foreign trade. Collections were unusually good in the first half of the year, but declined seriously in the latter half resulting in a smaller volume of cash than 1919, when 94 per cent. was collected in the United States, 80 per cent. in Canada, and 75 per cent. in other foreign countries. The five-year pre-war average of cash collections in the United States and in Canada was 77 per cent and 45 per cent. respectively.

The machine selling prices in 1920 show an average increase of about 60 per cent. over pre-war prices and repair parts an average increase of only 40 per cent., whereas the average increase in price of "All Commodities" for 1920, as shown by the United States Bureau of Labor Statistics, was 143 per cent. over the average of 1914. The company derived practically no increase in machine selling prices in 1920 over the preceding year, while the manufacturing costs increased more than 10 per cent., due principally to higher material markets and higher wages paid to labor.

The average number of employees on the pay roll of the company throughout the world in 1920, was 48,280, and the total compensation \$89,930,000. This compares with 40,480 employees in 1919, and a total pay roll of \$63,040,000.



New England States

THE
FIRST NATIONAL BANK
of Boston

Transacts commercial
banking business
of every nature

Make it your New England correspondent

Capital, Surplus and Profits
\$37,500,000



Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

NEW ENGLAND is proceeding very cautiously, and is endeavoring to so conduct its rehabilitation proceedings that the foundation may be sound and safe. Necessarily progress is slow, and it is made still slower by the general disinclination of labor to bear its part in the readjustment of costs. The cost of living has dropped, but the drop has not been quite as rapid in New England as it has been in the Middle West. Retailers are still very loath to take their losses on goods on hand, and, as a consequence, retail prices have not, as a whole, kept pace in the downward trend with wholesale prices. This is particularly evident in the shoe trades, and as a result, the shoe and leather markets are still very much in the doldrums. In textile lines it is a different story. Textiles were among the first commodities to feel the slump and they are among the first to recover. The textile mills are busy, orders are on the increase, and prices have reached a fair level, aided by a readjustment of wage scales in the mills.

At this writing the building industry is badly crippled by the strike of the building trades unions. Several times the strike has seemed on the point of settlement, only to be blocked again by one side or the other, with the result that millions of dollars' worth of construction work is tied up, rents are scarce and high, and the question of high rents is doing much to complicate the wage readjustments in other industries.

Money is easier and there is an abundance of mortgage and construction money at reasonable rates. Real estate has taken a spurt during the past few weeks and while prices are not as high as they were a year and a year and a half ago, they are still high enough to bring many an old estate on the market.

General retail trade is fairly good but people are still inclined to buy conservatively and are apparently confused by the wide variance in prices—some lines having come down to pre-war prices while others still hold at high levels. The general credit situation is fair but there is room for a great deal of improvement in some lines—notably shoes and leather where many concerns who have always discounted their bills are now taking the limit of time and even asking extensions in many instances.

There is still a great deal of unemployment in New England, but the general situation in this respect is no worse than it was a month ago, and in many lines there has been a decided improvement. The strike in the building trades and in the printing trades has complicated the situation of course, but there is less real suffering from involuntary unemployment than was the case a few weeks ago. Taking the situation as a whole, the cut in wages has been accomplished with very little trouble, as the logic of the situation was recognized. The downward trend of commodity prices has made these wage reductions easier of accomplishment, in spite of the fact that in this downward trend New England has lagged behind other parts of the country.

WEBSTER AND ATLAS NATIONAL BANK OF BOSTON

For Boston Notes and Drafts

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

THE "BUYER'S STRIKE" IS OVER

The New England Letter for April 20 of the First National Bank of Boston says:

"The so-called 'buyers' strike,' at least so far as women are concerned, seems to have passed. Retail sales in dollars since January 1st have been about equal to those of 1920, while reports indicate that sales in units of goods are measurably greater than a year ago. This steady consumption has begun to have its inevitable effect on New England's principal industries, and greater activity, albeit at scant profits, is distinctly noticeable. Woolen mills have experienced a good volume of heavy-weight sales and have pretty much sold up their capacity to mid-August. There is a slightly broader demand throughout the cotton goods field, although the market is very spotty, some goods being in very active demand, while others are almost entirely neglected. In hides, leather and shoes there has been a distinct improvement, the over-supply of hides having been reduced and retail buying very encouraging."

NEW ENGLAND AND THE ST. LAWRENCE RIVER PROJECT

New England is alarmed over the project to open the Great Lakes to ocean navigation as it is felt that such an eventuality will seriously affect her prosperity.

A recent letter of the National Shawmut Bank says:

The welfare of the port of Boston is vital to New England. Not because the growth of the port brings to the city a certain increased prosperity, result of heavy expenditures for provisions, ships-supplies, coal, warehousing, and so on; but because of the services which the port renders as a gateway for the interior. The port extends the radius of New England's commercial influence (which rail transportation would limit to a few hundred miles at best) far along the coast and across the seas to foreign markets. Cheap ocean freights enable the manufacturer to bring raw material from the Antipodes to his very doors, and to set down his finished goods on the Pacific Coast in competition with the products of industrial centers hundreds of miles nearer. To maintain a free flow of traffic through the port of Boston is to solve New England's transportation problem.

It is further pointed out that New England imports bulky raw materials and exports goods of great value, but small bulk.

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 202,580

F. A. Drury, President.
T. J. Barrett, Vice-President.
H. M. Abbott, Treasurer.
Frederick J. Bye, Assistant Treasurer.
Send us your Massachusetts collections.

W. J. WOLLMAN & CO.

120 Broadway, New York

Members New York Stock Exchange

Investment Securities

Bankers and Trade Acceptances

Our Review of Financial, Commercial, Industrial and Economic
Conditions Issued Every Two Weeks Sent Upon Request

For this reason she cannot fill ships. Such inability means that the ships that discharge wool and cotton at Boston must sail empty to other ports in search of export freight—an expensive procedure which does not commend itself to the practical shipping man. And so shipping is diverted to other ports. For heavy cargo to export Boston must look to the West, with its grains and provisions. In recent years a large part of this class of freight has been coming through Boston from Canada and the further development of this commerce is thought to be going a long ways towards solving Boston's shipping problem.

The St. Lawrence River project, however, for a direct water route to the ocean would tend to rob New England of this shipping, and on this subject the Shawmut Bank says:

As to the effect of opening a direct Lakes-to-ocean route on New England's *foreign commerce*, there can unfortunately be, in Gilbert's phrase, no possible doubt whatever. In the first part of this article we have been at some pains to show that this trade is essential to the prosperity of her industries, and that its continued existence depends on the ability of the port of Boston to secure a fair amount of heavy cargo for export. For the future, as we pointed out, Canada seems to be the only promising source for such cargo. Even at present, it being now possible only for small boats to make the trip from Buffalo to Montreal, a considerable amount of grain moves by the St. Lawrence River route. "In the spring, when navigation opens, no port can

make any export bookings of Canadian grain from the elevators at the head of the Lakes until the capacity of Montreal liners is booked full. *This is because of the cheap all-water route to Montreal via Great Lakes and St. Lawrence River.*" At present, of course, the capacity of this route is very limited, and Boston benefits from the overflow of export grain through American outlets. But from the moment the first ocean steamer enters Lake Erie, from that moment the movement of meat and grain via Boston (except perhaps during a brief winter season) will cease. It means, practically, the destruction of Boston's export trade. Let the reader himself forecast the resultant effect on New England's industries.

Since those features of the St. Lawrence River project which directly affect New England's interests seem likely to bring results either insignificant or positively harmful, New England cannot do otherwise than oppose the plan. In case the St. Lawrence project should be carried out, in fact, the continued existence of Boston as a first-class port would depend on her ability to force a revision of the differential freight rates. Therein would lie her only hope. Otherwise, still barred from the Middle West and with Canada newly lost, Boston would indeed be a port without a territory.

If it should eventually appear that the opening of the St. Lawrence River is going to bring incalculable benefit to the greater part of the country (which we doubt) New England's opposition will not, of course, be able to prevent the execution of the project. Till that time arrives, however, New England has a right to protest. Her right is the elementary right of self-preservation. Empires have fallen before this; and the decline of New England's "industrial empire" may, possibly, be inscribed in the book of destiny. This is a prospect, however, which New England cannot be expected to view with enthusiasm.



Southern States

Comprising Virginia, West Virginia, North Carolina, South Carolina,
Georgia, Florida, Alabama, Mississippi, Louisiana, Texas,
Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

TWO expressions of confidence have recently been made on the present situation in the South and on its future outlook by men who have their fingers on the pulse.

"If liquidation of borrowings in the Atlanta Federal Reserve district continue as in the past three months," said M. B. Wellborn, governor of the Atlanta Reserve Bank, "the directors of the reserve bank will consider lowering the discount rate."

He went on to say that conditions are good in the South, and best of all in New Orleans. The amount of liquidation, he said, "is surprising, in view of the slow movement of the section's principal crops—cotton, sugar and rice."

And Dr. Paul H. Saunders, financier of New Orleans, added this: "Statistics are now current which appear to show an over-supply of goods, which cannot be consumed and which will continue to hold down the market; and, furthermore, it is contended that there has been no adequate consumption of raw or manufactured materials. It is true that movements have been exceedingly slow, but when the results are totalled, it will be found that there has been a gradual but sure liquidation of the unusual large credits prevailing last year, and this would only be possible by the sale and consumption of raw and manufactured materials, and the sales which have taken place have been of the healthiest kind, as they were not for either speculation or for future consumption, but for actual present use."

That summarizes the situation entirely, and shows that a great deal of the squealing has been psychological, to give it a dignified term.

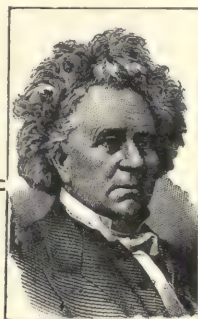
Reports from the various Southern states indicate that there will be a considerable reduction in acreage devoted to the big staples.

The price of cotton has gone about as low as it will. There is a general belief that prices next year will be better. Nevertheless, the new crop will be smaller than

has ever been raised after a year of low-priced cotton, first because of the farmers' inability to buy fertilizer, and second, lack of inclination to raise a big crop.

Both Mr. Wellborn and Dr. Saunders agree that the end of the present period of depression may be expected this fall, when business will resume and go forward in every line.

The government's barge service, between New Orleans, Mobile, and the Warrior River section of Alabama, reports a great gain in business. The March movement of freight gained 700 per cent. over December, according to figures compiled by the headquarters. The movement from New Orleans to the Alabama region has been exceptionally heavy. This consists of general commodi-



The Branch
Our First President

Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000
Surplus and Profits over 1,825,000

The Gateway to and Collection
Center for Southeastern States

Send Us Your Items

"ON TO RICHMOND"

Opelousas National Bank

OPELOUSAS, LA.

Capital\$50,000
Surplus and Undivided Prof-
its106,300

E. B. Dubulsson, Pres.

C. L. Dupre, Vice-Pres.

Chas. F. Boagui, Vice-Pres.

A. Leon Dupre, Cashier.

M. J. Pulford, Assistant Cashier.

Charter No. 6920. Began business October
1, 1903. Collections solicited.

ties. They are shipped in steel containers with a capacity of ten tons, which are handled by derrick between wharf, barge and flat car—an economy in handling, and perfect protection to the merchandise. Coal is carried on the return trips.

An indication of returning enterprise is found in the recently announced irrigation project to reclaim 135,000 acres of land in Valverde, Kinney and Maverick counties, Texas. It is estimated that the cost of the development will be \$8,000,000, though the total value of the lands and irrigation system will be around \$25,000,000. Within three years, it is expected to bring 800 farms into operation.

The third annual convention of the Mississippi Valley Association, which will be held in New Orleans, May 2 to 4, will surpass the previous gatherings, according to advices by the executive board. This is taken as a sign of better times. Delegates from twenty-eight states and a number of foreign countries will attend. These will include some of the leading bankers, manufacturers, business men and representatives of the agricultural interests.

This is of especial importance to the South, for one of the principles to which the Valley Association is dedicated is the return of the commercial movement to a North and South flow, instead of an East and West; and most of the Valley territory is outside of the South. The revival of waterways transportation, with its cheaper freights, is largely responsible for this movement. With business operating on such close margins, and with competition so keen, the smallest saving may spell the difference between profit and loss.

A feature of the convention will be the dedication of the industrial canal and inner harbor of New Orleans. This is the new port facility, created at a cost of \$19,500,000, when the work will have finally been completed by the end of this year, to draw industrial enterprises and aid in foreign trade development. The work was be-

gun in June, 1918. By the original plans, it was to have been finished January, 1920; but the plans were expanded from time to time, during construction, so that the canal of to-day is 70 per cent. larger than the one that was started.

All the dredging has been finished except a cut of 2,000 feet from the Mississippi to the lock, which has been left to the last.

The lock, able to accommodate ships 600 feet long and drawing 30 feet of water, is one of the most remarkable feats of engineering in the country. Soil conditions were more difficult than found on the Panama Canal. The canal connects the Mississippi with Lake Pontchartrain, which has been the dream of New Orleans for more than a century. Two attempts were made, but they fell short. Two shipyards have already been built on the canal, and as industrial development advances, the national government is expected to dredge a new channel to the sea, through Lake Pontchartrain or Lake Borgne. Its engineers have been studying feasible routes for some time. The canal is considered one of the largest works of development in the South for some time.



FEDERAL INTERNATIONAL BANKING COMPANY

At a conference of the Federal International Banking Company of New Orleans, La., attended by invitation by the board of directors of the Federal Reserve Bank of Atlanta proper and its New Orleans branch held in New Orleans, April 9, for the purpose of formulating a definite plan of relief for the present serious situation existing as to cotton, a matter of deep concern to the whole country as well as the South, it was

Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital..... 1,000,000
Surplus and Profits.... 1,000,000
Resources..... 15,000,000

E. H. Pringle, Pres.

E. H. Pringle, Jr., Vice-Pres.

R. S. Small, Vice-Pres.

A. R. LaCoste, Vice-Pres.

G. W. Walker, Cashier.

J. H. Lucas, Assistant Cashier.

C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
Drafts on Charleston drawn with exchange
remitted without charge.

Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

The National Exchange Bank Baltimore, Md.

Capital, \$1,500,000

Surplus, \$1,000,000

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

CLINTON G. MORGAN, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

WILLIAM R. WEBB, Asst. Cash.

Resolved: (1) That this conference views with deep satisfaction the efforts of the government to co-operate in a helpful manner with the business interests of the country in solving the serious problems now pressing for solution, believing that through such co-operation, supplementing the direct efforts of the business men, practical results of benefit will be obtained;

(2) That this conference endorses the action of Congress in continuing the War Finance Corporation, believing that through the operation of such corporation many direct benefits will result to the business and agricultural interests of the country and the South, and expresses its satisfaction that the active direction of the policy of the War Finance Corporation is in the hands of Eugene Meyer, Jr., who has evinced a spirit of helpful co-operation and constructive abilities of high order;

(3) That a copy of the resolutions be forwarded to the President, the members of the cabinet, the president of the Senate, the speaker of the House of Representatives, and the directors of the War Finance Corporation, and that a copy be given to the press.

Among those present were: D. M. Armstrong, J. P. Butler, Jr., Albert P. Bush, T. J. Caldwell, C. DeB. Claiborne, W. L. Clayton, Dwight F. Davis, H. J. Dreher, F. W. Foote, S. J. High, W. H. Hartford, R. S. Hecht, A. F. Jennings, A. Kains, P. R. Kettle, W. H. Kettig, F. M. Law, H. B. Lightcap, Robert F. Maddox, J. Pope Matthews, Gov. Manning, Eugene Meyer, Jr., J. A. McCreery, Joseph A. McCord, Haynes McFadden, Oscar Newton, J. K. Ottley, Arthur F. Perry, L. M. Pool, LeRoy

Percy, R. Brinkley Snowden, Leon Simon, P. H. Saunders, Moorhead Wright, Marcus T. Walker, and M. D. Wellborn.

NEW ORLEANS BANKERS TO ATTEND CONVENTION

If the feelings of New Orleans bankers can be taken as indicative of the general trend of bank advertisers' feelings in general about the Financial Advertisers' Association convention in Atlanta, June 12 to 16, then the sessions this year will be the best attended of any prior convention. Already four bankers from the southern metropolis have signified their intention of attending the meetings.

From the Hibernia Bank, Vice-President Fred Ellsworth, a former president of the Financial Advertisers' Association, and W.

W. R. Rison Banking Co.

HUNTSVILLE, ALA.

Capital\$100,000

Surplus and Undivided Prof-

its 165,820

A. L. Rison, Pres.

Harry M. Rhett, Cash.

Collections will receive prompt attention
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TWO BANKS IN BALTIMORE MERGE

Announcement of the merger of the Merchants National Bank of Baltimore, Md., and the National Bank of Commerce, with combined resources of more than \$52,000,000, has been made. Thomas Hildt, of New York, formerly of Baltimore, was elected

president to succeed John B. Ramsay, president of the board of the Merchants National Bank.

This merger has been progressing quietly for several months and was known only to a limited number of people interested. The Merchants National Bank has been the largest banking institution in Baltimore and in recent years has absorbed two other big organizations, the National Mechanics Bank and the First National Bank.

Thomas Hildt, the new president, was vice-president of the Bankers Trust Company of New York, to which institution he went with the Astor Trust Company, when that organization was absorbed by the Bankers Trust Company. He had joined the Astor forces in 1914, going to New York from Baltimore, where he had been runner, cashier and vice-president. John B. Ramsay, formerly president of the Merchants National, will become chairman of the board of directors of the new enlarged bank, and Eugene Levering, president of the National Bank of Commerce, will become chairman of the executive committee. Practically all the directors and active officials in the banking departments of both banks will remain with the enlarged organization.



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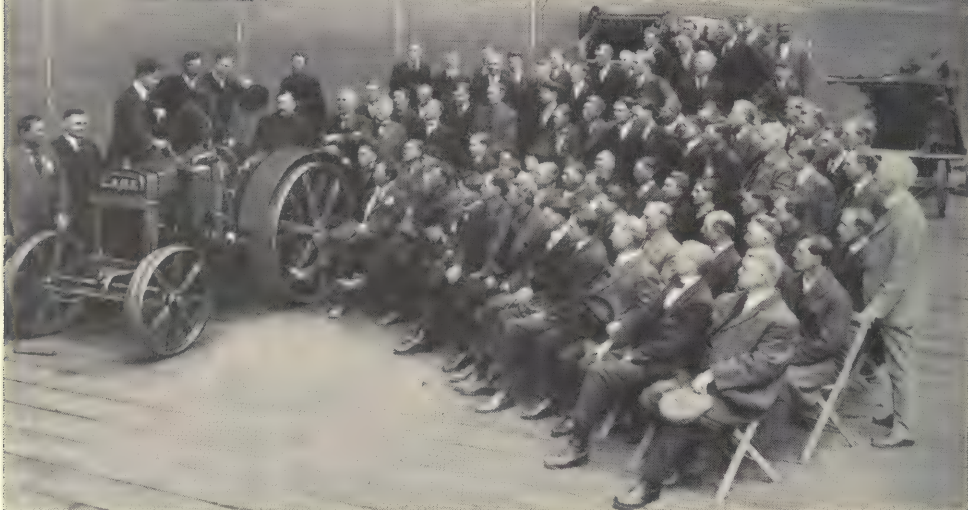
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ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

BUSINESS recovery in the Central West is slow, but is going ahead smoothly and with little outward evidence of discomfort. Its path is strewn with upset calculations, discarded precedents and prophecies that have failed of fulfillment, and in its results are many paradoxes. For instance, after nearly a year of drastic downward revision of prices of commodities, which has brought grains to pre-war levels or lower and virtually all farm products, the economic mainstay of the section, to corresponding standards of value, and has compelled material curtailment of industrial activity, public buying power does not seem to be seriously impaired. The volume of wholesale business compares favorably with that of the corresponding time last year and this is true also of retail distribution of merchandise in spite of the fact that merchants have been slow to revise their prices, which are only 10 to 20 per cent. off from the peak and still are far from reflecting the drastic reductions in staple raw materials. An exception may be found, perhaps, in cotton textiles, which have been marked down to such an extent that exploitation of these goods furnishes ammunition for selling campaigns in which the prices of many other lines have been modified but little.

A characteristic of the situation which is most noticeable is caution on the part of men in all branches of business. Merchants are buying in small quantities and frequently, keeping stocks reasonably well filled in, buying for immediate needs when it can be done advantageously and using the lower priced new merchandise to help move out what is left of the high-priced articles. An early spring has given considerable impetus to the movement of seasonable apparel. Movement of clothing, shoes and knit goods is satisfactory. Household furnishings are slow, grocery demand holds up well, but the constant readjustment of stocks to a falling market, especially for

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the lower and medium grades of canned goods, has deprived dealers of much of their profits.

Financially conditions are less satisfactory than they were a month ago. Lessened business activity and lower prices are steadily reducing deposits of the banks, while loans recede very stubbornly. The first two months of the year brought fairly rapid reduction of rediscounts at the Federal Reserve Bank, but since then there has been each week a further enlargement of these accounts. Calls for renewals are the rule rather than the exception, and in many cases rather severe pressure is necessary to bring about even a partial reduction of obligations as they come due. Usually at this

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time of year money is plentiful and cheap, and the country banks have substantial balances with their metropolitan correspondents. This year conditions in the country are even tighter than in the city. The rural banks are loaned up to the limit, have made full use of their rediscount privileges and still are seeking loans from correspondent banks wherever it is possible to obtain them. Farm products are being moved to market rather freely, but there are still large stores in the interior, and this is an important factor in the tardiness of loan liquidation. Another is the extremely low prices of these commodities, making the returns, even when the products are shipped, fall short of the needs and expectations of the sellers.

The only noteworthy change in interest rates is a slight lowering of the discount on commercial paper. A month ago 8 per cent. was the minimum. Now considerable paper is being placed at $7\frac{3}{4}$ per cent., and a fair amount bearing the best names at $7\frac{1}{2}$. The placing of the last mentioned and highest class of paper is helped by the increased conservatism of the small banker, who is scrutinizing loans of this kind more closely than ever before and is paying less attention to the maximum yield than to safety, even at the sacrifice of half a point in the rate.

The campaign to obtain financial support in this section for corporations organized under the Edge law for the promotion of foreign trade has not met with much success. The general feeling among the bankers is that they prefer to lend their money themselves and to applicants whom they can investigate directly and be assured of the safety of the funds, rather than turn it over to an organization they do not control. They have no criticism of any of the projects presented, of the principles on which they are based, or of the purposes they are designated to carry out in the

field of national commercial promotion. They realize that in the conduct of foreign trade under the conditions that have existed in the last year none but a superman could have avoided serious losses, and they know also that by confining themselves to the kind of loans already mentioned they have suffered very little. This warning and this experience lead them to cling to the old methods. They have subscribed moderately to the stocks of the corporations suggested, and have given their moral support to the enterprises, but they incline to the belief that money for financing them should come from investments by producers, manufacturers and exporters rather than from banks.

The last month has witnessed further curtailment in operations of factories. Steel mill's are at 25 to 50 per cent. of capacity, the largest concerns working largely on old orders and the smaller struggling to keep going on what new business can be brought out by substantial price reductions.

This is not great. Implement makers have cut down their production programs and expect that most of the money they make this year will be from replacements and parts rather than from new machinery. The automobile industry is picking up, encouraged by the spring sales, their time of best demand, and some of the largest plants are approaching normal production again. This is stimulating a revival of activity among the makers of supplies and accessories. Structural steel orders are fairly numerous, but call for small tonnages and the starting of a building boom still waits on a lowering of construction costs.

Labor is still disinclined to accept a modification of wage schedules and in spite of the abuses disclosed by public investigations of combinations of unions and material dealers little has been accomplished toward breaking the deadlock that holds back ope-

rations. Brick prices have been reduced 25 per cent., the first cut in more than a year. Lumber has been reduced 30 to 50 per cent. from the peak, but architects say it is still nearly 100 per cent. above pre-war levels. Steel is off about 25 per cent., and other materials also have been reduced; but the aggregate of concessions is not sufficient to induce resumption of work on a large scale or to release the many big projects that are waiting on architects' boards. Meanwhile the housing situation grows more serious, but little progress has been made toward legislative relief in the way of rent regulation. There is a general realization, even among politicians, that that is a dangerous field to enter, and the disposition to avoid the step if it is at all possible is pronounced.

One encouraging feature of the outlook is promising crop conditions. Winter wheat came through the cold season in good shape and an early spring has been favorable to the work preliminary to this year's planting. Moisture has been more plentiful than in March. The farmer seems disposed to make up by increased production for some of the loss in price shrinkage, and as many of his labor problems have vanished, the indications are for good yields of soil crops.

For the first time in six years savings deposits now show a definite downward trend. The change is small, but it is significant as one of the first evidences of the effects of unemployment. Investment demand is improving, and there are signs of an ending of the lull that followed the flooding of the market with new issues a month or so ago. There is noticeable some eagerness to obtain for as long a term as possible the present high interest returns and this has brought about a good inquiry for bonds of good class. Securities of utility companies, which have shown substantial improvement in earning power in the last few months are finding new favor. The demand for municipals exceeds the supply.



DINNER TENDERED IN HONOR OF R. P. TITUS

J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, gave a dinner to the officers of the Liberty Central Trust Company in honor of R. P. Titus, assistant vice-president, who is leaving the institution to become vice-president of the Security National Bank of Dallas, Texas.

Mr. Titus entered the employ of the old

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BANKS AND BANKERS DEPARTMENT

F. A. CRANDALL, Vice President
S. P. JOHNSON, Assistant Cashier

HENRY MEYER, Assistant Cashier
R. V. KELLEY, Assistant Cashier

Liberty Bank as manager of the credit department in 1916. In 1918 he was elected assistant cashier and in the recent consolidation of the Liberty Bank with the Central National Bank, was elected assistant vice-president. Mr. Titus is also secretary and treasurer and director of the Reserve Security Company of St. Louis, besides being a director of the First National Bank of Madison, Ill., and the Union Trust Company of Madison, Ill.

The dinner was held at the home of President Johnston, April 1. Among those who attended were: J. L. Johnston, president; H. Hunicke, Myron R. Sturtevant, T. E. Newcomer, E. Barklage, J. J. Frey, R. R. Clabaugh, Jacob Berger, Wm. C. Uhri, Louis Fusz, Charles A. Lemp, vice-presidents; J. M. Garesche, E. A. Schmid, R. P. Titus, J. M. Curlee, Alex M. Lewis, H. M. Berger, assistant vice-presidents; Erastus Wells, secretary; A. N. Kingsbury, cashier; Wm. Reimann, G. B. Trigg, J. N. Sommer, G. H. Rein, assistant cashiers; E. P. Harrington, auditor.

A unique souvenir menu was prepared for the occasion, which contained an autographed picture of Mr. Titus.

FORMATION OF NEW BANK CLUB

A meeting of the employees of the Liberty Central Trust Company of St. Louis was held recently for the purpose of outlining plans for the formation of an employees' club to be known as the "Liberty Central Club."

J. L. Johnston, president of the institution, made a short address before the employees, speaking of the opportunities for each and every one of them to develop into a vital, active force in promoting the interests of the Liberty Central Trust Company, and emphasizing the willingness and readiness of the officers and directors of the institution to recognize merit.

Mr. Johnston cited several instances of men who had come into the bank in minor positions and had risen to be officers of the institution.

The purpose of the club is to develop harmonious co-operation among the employees and officers of the institution and to provide educational and social advantages for the members.

The formation of the club was placed in the hands of an organization committee con-



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The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

sisting of Messrs. H. J. Miller, R. D. Kerr, H. A. Rennekamp, H. A. Hartkopf, C. A. Tacke, Geo. G. Mudge, and J. Vincent Carrigan, who are to map out by-laws and regulations for the club and report back to the employees as soon as convenient, when the officers and directors will probably be elected. Among other things a cafeteria and club room is planned for the convenience of the employees, to occupy the west wing of the third floor of the bank building.

GUARDIAN SAVINGS OPENS NEW BRANCH

The Guardian Savings and Trust Company of Cleveland, Ohio, opened its new Euclid-105th office, March 30. The new quarters provide sixteen tellers' cages, foreign exchange department, safe deposit vault, pay roll rooms, and rest rooms.

G. J. Provo, assistant treasurer of the Guardian Savings and Trust Company, is manager of this office. Temporary quarters were established in the busy 105th Street section last August, but increasing business necessitated the securing of the large office with additional facilities. This is one of the six branches now operated by this bank.

CHICAGO BANK INCREASES CAPITAL

The Northwestern Trust & Savings Bank of Chicago, Ill., increased its capital from \$750,000 to \$1,000,000 on April 15. One hundred thousand dollars was added to the surplus of the bank, making the total capital, surplus, and undivided profits \$1,350,000, the largest of any state bank outside the loop district. Its enlarged building at Milwaukee Avenue and Division Street is practically completed and gives it one of the most commodious and splendidly appointed bank buildings in Chicago.

The increase in the resources of this bank from ten to twenty million dollars in the past two years is convincing testimony of the confidence reposed in it by the industrial and commercial interests of the Northwest Side.

IOWA STATE BANK IN NEW HOME

The new bank building of the Iowa State Bank of Atlantic, Iowa, was opened April 23, 1921. It has two stories and basement and is constructed of mission chinchill brick, trimmed with white Bedford stone,

and with Carthage stone base. Two massive stone columns adorn the front.

The banking room proper occupies the front ninety feet of the 142 feet depth of the building. The portion of the building occupied by the bank consists of the banking room, the president's office, a rest room for the use of customers, and the directors' room.

The floor of the banking room is of marble and the wainscoting is of the same material. At the end of the lobby is the safety deposit vault door, to the right of which are coupon booths. The bank vault door adjoins the working space. The safe is a Manganese burglar proof strong box, equipped with triple time lock.

The Iowa State Bank has been in business for twenty-six years. The capital at present is \$100,000, and total resources over \$590,000. The officers of the bank are: President, F. L. Butzloff; vice-president, D. E. Shrauger; cashier, Harold M. Butzloff; chairman of the board, F. M. Nichols.

NEW VICE-PRESIDENT FOR ST. LOUIS BANK

The board of directors of the First National Bank in St. Louis has elected Bert H. Lang an active vice-president. In authorizing the announcement immediately after the meeting, F. O. Watts, president of the bank, stated that in formulating plans for the great financial institution which resulted from the consolidation of the St. Louis Union, Mechanics-American and Third National Banks a department to specialize in commodities or soil products had been conceived, and that he had been looking for a man who combined inherent banking qualifications with a broad knowledge of the production, distribution and consumption of soil products.

Bert H. Lang, although born on a farm in southern Illinois, has lived in St. Louis thirty-five years, and for twenty years was the head of the Bert H. Lang Company, general grain dealers in the Merchants Exchange Building. Mr. Lang dissolved the business in August, 1917, when he volunteered to serve his country in the great war, and was assigned to service in the United States Grain Corporation. In January, 1919, he was made chief of the St. Louis office of the United States Grain Corporation, which post he held until July, 1920, when the office was discontinued. Throughout the war Mr. Lang had charge of the purchase and distribution of wheat for this territory, which is the largest grain



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producing territory, and in the difficult matter of assigning grain to the millers, his broad knowledge of world needs in general and the home market in particular made possible a record which not only met the government requirements, but gave general satisfaction to the millers.

Mr. Lang in speaking of his new connection said: "I importantly regard the financing of commodity products which is co-extensive in importance with production, and I am glad to contribute to the financial

world whatever practical experience I may have been able to gain from the other side of the business in which I have engaged from childhood."

MICHIGAN BANK REPORT

The combined resources of the banks of Michigan at February 21, 1921, were \$1,026,655,680.76. Compared with the report of a year ago there was an increase of \$24,828,016.96 in total loans, a decrease of \$33,078,337.73 in total deposits, an increase in capital stock of \$12,233,972, and an increase in rediscounts and bills payable of \$14,928,038.92.

"ONE HUNDRED YEARS OF BANKING IN MISSOURI"

The current number of the *Missouri Historical Review* contains the first instalment of a series of articles written by Breckinridge Jones, president of the Mississippi Valley Trust Company, under the title of "One Hundred Years of Banking in Missouri."

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ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

AFTER months of declining prices and sagging business, the Western States have not yet begun to record a turn for the better. Instead, they face the problem of coping with further contraction in the demand for their principal products and a return of growing tightness in their money markets. The prospect is not pleasing, yet the Western States are finding some consolation in the fact that they have undoubtedly accomplished an immense amount of liquidation and in the bright outlook for crops.

Agriculturally, only one untoward development occurred the past month. Temperatures averaged lower than usual, and several freezes in Kansas, Oklahoma and Nebraska damaged fruit in these States. Oats and alfalfa were also injured to a degree. On the other hand, the cool temperatures during the month retarded the too rapid growth of winter wheat. Some nervousness had prevailed among farmers over the excessive growth of straw which began to develop in winter wheat. Otherwise, the past month was very favorable for crops. The Dakotas enjoyed good conditions for preparing for their spring wheat crop. Moisture was received in ample supply.

Each spring brings an increased demand for money in the Western States. Farmers require funds for meeting the expenses of plowing and planting. Stockmen seek funds to finance grazing operations. The activity of farmers in fields reduces the flow of funds from the sale of harvests. The present season is witnessing these conditions in the money markets of the Western States, but every State and, in fact, every community reports many abnormal influences in the financial situation. Recent months have clearly failed to bring the liquidation banks needed to put themselves in an excellent position to meet new agricultural requirements, although many millions in loans were retired. The East is not participating to a normal degree in the financ-

ing of Western business. Federal Reserve banks are more parsimonious than in months in extending discount accommodations to members, seemingly being averse at Kansas City and at Minneapolis to resuming rediscount operations with other central banks at this time. The Dallas Federal Reserve Bank, which includes a portion of Oklahoma in its territory, has not yet succeeded in eliminating itself as a borrower within the Federal Reserve System. It is the only borrower at this time. Farmers continue to practice economy, but they are unable to hold their expenditures down in the aggregate to a total equal to the inflow of funds from the sale of various products.

That the East is not rendering the financial assistance normally received by the Western States is particularly noticeable in the live stock industry. Cattle loan companies operating independently and those that are subsidiaries of live stock banks report that they are carrying only a fraction of the volume of cattle paper in the East that they were able to sell in recent years. One of the largest cattle loan companies operated in conjunction with a stock yard bank, enjoying a high reputation and excellent credit, reports that it is making no effort to sell cattle paper in the East because of the unwilling attitude manifested toward its offerings. Naturally, this throws an additional loan on the Western States even though prices are lower and the money requirements in the production of live stock reduced in consequence. Some cattle loan companies report that they are virtually paralyzed in their operations.

Another factor in the halt in liquidation in the Western States and the renewal of growing tightness in money is the market for high grade securities. Having learned to invest more and more in government and other bonds during the Liberty and Victory campaigns, many individuals are maintaining unusually low balances, using their funds for the purchase of Treasury Certificates of Indebtedness and other securities. Bankers are complaining anew about this factor in their business because the fresh

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flow of funds to offset the outgo of money for bonds is not equal in volume to that of recent years. Incidentally, the Federal Reserve Bank of Kansas City has suggested to member banks borrowing in excess of their basic line of credit under the progressive discount rate system that they encourage the sale of government war paper being used to secure discounts. The sale of this class of paper has been increased as a result.

It is doubtful if any spring in the last ten years was marked by so little new live stock financing as all the Western States now report. At a recent convention of cattlemen in Texas, for example, one large bank made loans of only \$15,000, compared with a minimum of \$2,500,000 at this gathering in recent years. Stockmen who make a business of acquiring thin cattle for summer grazing in Kansas and Oklahoma have purchased very few cattle because of uncertainty over the market and the refusal of banks to provide loans. The bankers had no other recourse in view of their already heavy loans and their low deposits, together with the attitude of the Federal Reserve banks and the financial institutions of the East. Instead of making more loans,

many bankers are urging cattlemen to hasten the maturity of their holdings in order to liquidate outstanding obligations.

The influence of the financial situation is not at all favorable on the markets for live stock. Weakness in prices was the rule the past month, hogs and cattle receding to new low levels for the year. Sheep and lambs are again at the year's low levels. One must turn back more than five years to find lower quotations. Calves are at the lowest prices since 1912. The tightness of money is restricting carload buying of thin stock by farmers for summer feeding and grazing as well as putting a damper on the business of large operators. In view of the tremendous quantities of feedstuffs carried over by farmers, together with the low prices, the demand for cattle for feeding is extremely disappointing. Money is not alone to-blame, for the huge losses in finishing operations the past year are making farmers and others cautious. Besides, the unfavorable state of the market for dressed meat is discouraging. Unemployment of labor is not conducive to large buying of meat. So confident are packers of an ample supply in the face of the damper put on feeding operations by tight money and

the losses of stockmen that they recently issued a statement expressing the opinion that no shortage is in sight for six months and that prices promise to continue at present or perhaps lower levels.

With highly favorable prospects for winter wheat and good conditions for spring seeding, prices of the bread grain declined more than 20 cents a bushel the past month, reaching the lowest levels since 1916. The proverbial dollar mark for wheat already is being approached in the future markets, and even cash prices have declined to a level which makes it difficult for interior dealers to bid more than a dollar a bushel net to farmers. There is a tendency on the part of farmers to market their liberal holdings of wheat more freely as values approach the dollar-level, and country acceptances on bids have recently increased sharply. Ordinarily, concern would prevail over the small visible stocks of wheat, but the light terminal holdings are entirely offset by the far greater than normal stock of the bread grain in farmers' hands. Excellent crop prospects also are an influence in stimulating marketings of wheat, farmers as a rule manifesting a strong desire to dispose of holdings before the opening of June. Absorptive power on wheat markets has contracted sharply, owing to extreme sluggishness in the demand for flour and lessened interest on the part of export wheat operators. Buying of flour in domestic channels is of a hand-to-mouth character, and mills are operating at less than 50 per cent. of capacity. Foreign demand for flour is moderate, but the export sales are almost entirely of the cheaper grades with only a sprinkling of the better patents being sold to Holland, Germany, England and other of the important buying outlets abroad.

Not since the early part of 1913 have prices for corn been at as low a level as on the current market, around 50 cents a bushel in Kansas City. Oats also are on a pre-war basis. Kafir and milo are down to 75 cents per hundredweight in Kansas City, and bids to farmers in the large growing sections of the West are down to 25 cents per hundredweight, a fourth of a cent a pound. Only three years ago in April the sorghum grains were in keen demand at \$4 per hundredweight, or four cents a pound. Stocks of the coarse grains are burdensome both on markets and on farms, and demand is disappointingly light.

In lumber demand has not improved materially, sales being largely for new dwelling purposes. Business construction is small. Railroad buying is also very limited.

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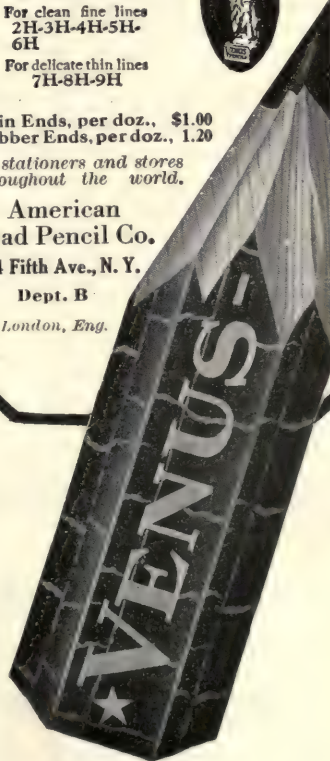
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SOLE AGENTS FOR NEW YORK

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Lumber prices are at new low post-war levels. The oil industry is feeling somewhat better, but crude lacks strength. The action of prominent producers in the Mid-Continent field in taking steps to reduce production is helping the market slightly along with the seasonal increase in the use of gasoline. Mining operations have been further reduced, owing to the stagnation in copper and other metals. Coal is weak and in poor demand. Unemployment of labor has increased, although the spring work on farms took up a little of the slack.

Business mortality shows an increase. Retail stores have been affected both by the unusually cool weather and the saving disposition of the public. Savings deposits incidentally are increasing. Scattered bank failures are reported, but a spirit of co-operation that is deserving of commendation is assisting in mending difficulties for both banks and commercial institutions that would otherwise prove incurable in this territory.

CONVENTION OF KANSAS BANKERS ASSOCIATION

The thirty-fourth annual convention of the Kansas Bankers Association will be held at Topeka, Kan., May 19-20, 1921. The convention proper will open at 10 o'clock Thursday morning, May 19, in Representative Hall, and continue until Friday afternoon, May 20.

Due to the increasingly large number who reach the convention city the afternoon before, the Clearing House Association of Topeka and other affiliated institutions are making provisions for an informal reception to be given at the Elks' Club on Wednesday evening, May 18.

Conventions of the Kansas Bankers Association have been growing in popularity and in attendance. More than 1,700 registered as delegates at the Wichita convention last year. The advance demand for hotel reservations for the coming convention has already been heavy, but all members are assured that abundant accommodations will be available. It is recommended that requests for reservations be made early, addressing any member of the hotel committee which consists of the following Topeka bankers: Thomas C. Mueller, cashier Kansas Reserve State Bank, chairman; A. V. Lindell, cashier Kaw Valley National Bank; Wm. Macferran, Jr., State Savings Bank, and J. L. Hersh, secretary Capitol Building and Loan Association.

EGBERT A. BROWN BECOMES VICE-PRESIDENT

The First National Bank of Berkeley, Cal., and the Berkeley Bank of Savings and Trust Company, have announced the election, on March 1, of Egbert A. Brown, for many years cashier of the California National Bank, and the California Trust and Savings Bank of Sacramento, to the office of vice-president of both banks.

First Bank to Incorporate in Hawaii

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Frank Crawford, *2d V-P.* R. McCorriston, *Cash'r*

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ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

WHOLESALEERS report an improvement in business during the past month, although retailers are buying in small quantities and cautious to fill only current requirements. The retail stores themselves are registering increases in sales for the month, but all in all the expected decided improvement in both branches of wholesale and retail is slow in materializing. Cash sales show decrease, due partially to unemployment and wage reductions. Collections are good, however.

Conditions generally are good for the wheat crop and California wheat is estimated to be ninety-three per cent. of normal. Large quantities of wheat are still in the hands of Northwest growers and warehouses and these holders regard the situation apprehensively. At Walla Walla, Wash., wheat has sold down to \$1 for the first time since 1914. More diversified farming is to be the rule this year, farmers appreciating the advisability of raising more of what they consume.

Increasing demand for lumber from the Pacific Northwest indicates stiffening prices. It is believed prices have hit the bottom. Reports from the Gray Harbor country say eighty per cent. of the camps and ninety per cent. of the mills are operating, many after being closed several months. Prices are about fifty per cent. lower than in April a year ago.

Canned goods are moving much more satisfactorily and large portions of unsold stock have found disposition. Shipments of oranges and lemons in large quantities are making use of the Panama Canal, and many other lines which have hitherto not employed this avenue of shipment are making daily increasing use of it.

Building permits show gratifying increase in practically all the Coast cities and real estate is enjoying fairly active market.

Financial conditions in Utah and the rich inter-mountain country are sound, although business at present is suffering from deflation pains. Utah sugar beet

growers had a profitable year in 1920, obtaining a base price of \$12 a ton for their product. The 1921 price, however, will be around \$5.50 a ton. Conditions in the live stock industry still offer considerable room for improvement.

The bond market in recent weeks has shown considerable betterment and dealers are greatly encouraged over the immediate prospect for a large absorption of securities. It has been more than a month since we have had an active bond market and in that time a certain accumulation of securities has piled up in the hands of distributors. With money rates apparently pointing towards easier conditions and credit certainly in greater supply, bond men are looking forward to the opportunity of clearing their shelves.

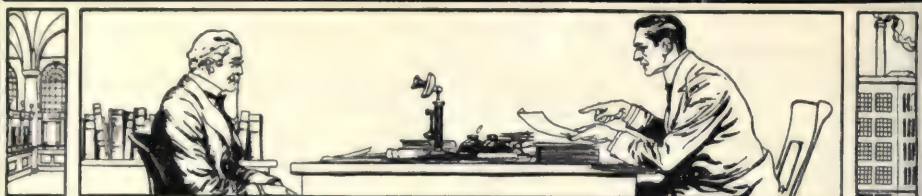


BANK OF ITALY TO OPEN NEW BRANCH

The Bank of Italy, San Francisco, has been authorized by the state superintendent of banks to open a branch at Visalia, California, through the consolidation of the Visalia Savings Bank and Trust Company and the National Bank of Visalia.

A. P. Giannini, president of the Bank of Italy, in making this announcement, said that immediate merging of the business would be effected and operations started as a branch without delay. The same officers and directors who have been identified with the Visalia banks will be continued although certain additions are to be made from the staff of the Bank of Italy. Approximately \$5,000,000 in assets will be added to the resources of the Bank of Italy through this consolidation, and it is expected that a new building will be required to house the banking operations of the Visalia Branch.

The two banks involved in the consolidation are among the best known in that part of the state, the National Bank of Visalia being the oldest and largest in Tulare County.



The New Business Department

By T. D. MACGREGOR

Author of "Pushing Your Business," "2000 Points for Financial Advertisers," "Bank Advertising Plans," "The Book of Thrift."

THE "intensive" cultivation of present customers of a bank and the systematizing of efforts to secure new ones are the keynotes of this book by T. D. MacGregor, the well-known writer on thrift and financial advertising.

This handy volume, the fourth of the "Bank Department Series," is largely the fruit of the author's having been for some time an important member of the Department of Publicity and New Business of the Guaranty Trust Company of New York, the largest and most thoroughly organized department of that kind in existence.

SAME PRINCIPLES APPLY TO SMALLER BANKS

While some of the ideas and methods suitable for use in pushing the business of the largest trust company in the world—with resources of over \$500,000,000—undoubtedly would not be adaptable to the requirements of the average bank or trust company, still the principles and practice in general are the same no matter what the present size of the institution to be advertised and developed.

But the points brought out and the new business-getting plans described are by no means confined to those employed by any one institution. The author's long and successful experience in every phase of financial advertising has brought him into contact with many bankers and

advertising men. He is familiar with the many problems of getting new business for financial institutions and has a first-hand knowledge of how to solve them.

Besides Mr. MacGregor's text, the book contains the prize paper on "New Business and Analysis of Accounts" by James B. Birmingham of the National City Bank.

This paper won the 1917 Cannon Prize given by New York Chapter, American Institute of Banking, for the best two-thousand-word paper on this subject. The judges of the contest were Fred W. Ellsworth, secretary Guaranty Trust Company; G. Edwin Gregory, vice president National City Bank, and Harry E. Ward, vice president Irving National Bank.

ONLY BOOK ON THE SUBJECT

"The New Business Department" is unique in its field. There is absolutely no other published work on this subject. If you want to have a concise yet complete idea of how to conduct a Publicity and New Business Department in your bank, large or small, you will need this book as an inspiration and guide. It is worth many times its price—**\$1.25**—to any bank or trust company that wants to make the most of its opportunities both in developing present customers and in getting new ones.

BANKERS PUBLISHING COMPANY, 253 BROADWAY, NEW YORK

Please send for free examination Mr. MacGregor's "NEW BUSINESS DEPARTMENT." After five days' examination I will return it or remit the price, \$1.25.

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Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. TYSON

THE anticipation that the reduction of commercial loans which has accompanied the process of deflation would result in an easing of the money situation to such an extent that lower bank rates would result is not being borne out by conditions. A call rate of $6\frac{1}{2}$ per cent. still prevails and there does not seem any indication of an early reduction. The opinion is now becoming more general in financial circles that with such a heavy taxation program and a railway situation costing the country many millions the surplus wealth of the country will be very largely absorbed and there will be no surplus of capital for a long time.

To the first of March the current loans by the banks were reduced to \$1,266,253 as compared with \$1,417,520,756 at the high point in September. During the same period savings deposits continued to grow, the total at March of \$1,318,855,482 showing an increase of nearly \$50,000,000 as compared with September. The banks took advantage of their improved position as regards funds to reduce their obligations to the Dominion Government—rediscounting under the War Measures Act—to the extent of about \$50,000,000.

This emergency rediscounting system, born of war conditions, is now being considered as a permanent relationship between the banks and the Dominion Treasury. Sir John Aird, general manager of the Canadian Bank of Commerce, recently gave it his opinion that "while the Finance Act of 1914 was primarily a war measure, the principles which it embodies might well serve in peace times." John Galt, president of the Union Bank of Canada, is of the opinion that the rediscounting system effectively enabled the banks to take care of the country's trade throughout the period when high prices involved the employment of a vastly greater amount of capital than formerly in the financing of legitimate requirements. According to Mr. Galt, the special privileges have not been abused and he

is of the opinion that if the arrangement is continued it would "afford all the financial elasticity necessary for periods of expansion and would be quite the equivalent of the Federal Reserve Bank system of the United States. The close scrutiny by the Department of Finance of the collateral submitted provides an ample measure of safety."

That the banks are not, however, availing themselves of the governmental rediscounts as freely as they have done in recent years has already been noted and on this point the New York *Tribune* comments that: "It is apparent that the banks have been conservative in availing themselves of the privileges of rediscount." Further, the *Tribune* says that: "The Canadian Banking system has negotiated creditably the trying period since the latter part of 1914 and is now a much more efficient agency for national development even than it was in antebellum days."

The annual report of the minister of railways in connection with the national transportation system has served to draw attention to a very serious national financial problem. Officially a deficit for the year of nearly \$70,000,000 was admitted but this has been raised to as high as \$140,000,000 by experts who have taken all overhead charges into consideration. A material deficit for the national merchant marine is also estimated on this basis. To shoulder such a heavy burden in addition to the post-war taxes is acknowledged as a grave matter. There is a growing demand throughout the business and financial community that something should be done and even the general public has been brought to see that it is not common sense to go on in the present course.

Of course the great problem of the Government roads is the wage scale, which was established under the McAdoo award in the United States and had to be followed in this country. But the showing of the Canadian Pacific is taken as an indication that wages alone do not provide a satisfactory answer. There has been a determined effort on the part of the controlling board to avoid political influences, but

there is more than a suspicion that these have been creeping in at the expense of efficiency. The Government will inquire into the whole situation through a committee, but much depends upon the powers of this body and in how far politics will be ignored in reaching a solution. Practical transportation experts point out that there is much duplication of service and that it would be better to close up sections of the Transcontinental until there is sufficient development and sufficient business offering to warrant operation on a satisfactory basis. Business men are demanding a consultation by the best experts in America and the adoption of a course of action which will not only reduce the loss but provide more efficient service.

As a solution of the national taxation problem manufacturers, wholesalers and retailers are agreed in favor of a gross sales or turnover tax, although there is considerable difference of opinion, as to who should be made responsible for its collection. The abolition of the excess profits tax is also favored as well as the repeal of the income tax as applied to industrial corporations. The banks, insurance companies and other financial institutions as well as professional classes and domestic industries would then be reached by an income assessment. A conference was recently held at Toronto at the suggestion of the minister of finance and the adoption of the turnover tax principle is regarded as reasonably assured. The abolition of the excess profits tax is, more or less, a foregone conclusion.

The financing of foreign trade is receiving some consideration in banking circles since Greece and Roumania have failed to meet their interest obligations on credits granted by the Dominion Government. However, it does not appear that Canadian bankers are confronted with the immediate problems that face American bankers in the furtherance of foreign trade financing. It has been considered possible that ultimately Canadian bankers would get together upon the organization of a foreign trade financing corporation, patterned after the Edge law banks which have been getting under way in the United States. But the reason for delaying the erection of Edge law bank machinery in the United States may be a reason for Canadian bankers halting similar plans.

On the other hand, this country is not entirely lacking machinery for financing foreign commerce, if we are to accept the expressed opinions of some of our foremost

bankers. Sir John Aird, general manager Canadian Bank of Commerce, says:

"I am not among the number of those who consider there is a need for a central institution for the purpose of financing extensions of foreign trade. In my view the facilities which are now available to the banks under the provisions of the Finance Act of 1914 are amply sufficient for all that is required and while primarily a war measure the principles embodied in it may well serve in times of peace."

The Union Bank of Canada, on the other hand, is at least one Canadian institution which possesses its direct agency for financing foreign commerce, in its partnership in the Park-Union Foreign Banking Corporation of New York.



WEYBURN SECURITY BANK

Although the profits of the Weyburn Security Bank for 1920 provided a substantial sum to be added to reserve after the payment of the usual dividends and provisions for taxes, etc., the fact that the figure of \$50,493, compared with \$62,221 for 1919 and \$74,343 for 1918, evidently reflected conditions which have been experienced by this purely Western institution. Earnings on capital were 10 per cent. as compared with 7 per cent. paid in dividends. Following are comparative figures for the past three years:

	1920	1919	1918
Balance forward ..	*\$7,249	\$5,457	\$4,222
Net profits	50,493	62,221	74,343
	<u>\$57,742</u>	<u>\$67,678</u>	<u>\$78,565</u>
DISTRIBUTIONS—			
Dividends	\$35,113	\$33,506	\$25,280
Bank fixtures	3,598	4,950	3,843
Tax on cir.....	4,725	4,407	3,985
Reserves .....	.....	10,000	40,000
Profits tax .....	.....	6,269	.....
Balance	14,306	8,546	5,457
	<u>\$57,742</u>	<u>\$67,678</u>	<u>\$78,565</u>
Earn. on capital..	10.0	13.0	17.6

*Less income war tax, year, 1919.

BANK OF HAMILTON

Profits of the Bank of Hamilton for the year ending February showed an increase from \$847,105 to \$888,019, as compared with the previous year and \$571,226 for the period ending in 1919. In addition there was \$499,110 available from premiums on new stock and after the payment of dividends of 12 per cent. and a bonus of 1 per cent. and allowing for taxes, pensions, etc., \$649,110 was added to reserve, while the

Are You Interested in Canadian Trade?

If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.



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Foreign Department
Standard Bank of Canada
TORONTO

Resources over - - - - \$100,000,000.00

balance was increased from \$85,249 to \$139,265. Comparative figures follow:

	1920	1919
Balance forward ...	\$85,249	\$85,114
Profits	888,019	847,105
Prem. on stock	499,110	500,000
	<u>\$1,472,378</u>	<u>\$1,432,219</u>
Dividends	\$598,569	\$469,184
Pension	20,434	40,318
Taxes	65,000	37,468
Premises .....	.....	100,000
Reserve	649,110	700,000
Balance	139,265	85,249
	<u>\$1,472,378</u>	<u>\$1,432,219</u>

Earnings on capital and investment were hardly as large as in the previous year owing to the increased total involved. Figures of the company's earnings record since before the war follow:

	Earnings	Div. on Cap.	% Earn.	% on Invest.
1920	\$888,019	12 + 1	19.3	9.3
1919	847,105	12	21.1	10.2
1918	571,226	12	19.0	8.7
† 1917	598,522	12	19.9	9.2
1916	442,525	12	14.7	6.8
1915	424,274	12	14.4	6.2
1914	485,265	12	16.5	7.9
1913	498,273	12	16.6	7.3

*Per cent. earned on the balance brought forward, rest and capital represent the shareholders' funds.

†For fifteen months.

The bank's capital during the year was increased from \$4,000,000 to \$4,998,220 and the reserve brought up to \$4,849,110, or almost equal. It was no doubt this strong position and the fact that it was not considered necessary to further adjust the premises account that enabled the declaration of the bonus.

CONDITIONS IN CUBA

Improved financial conditions in Cuba are reported by E. L. Pease, vice-president and general manager of the Royal Bank of Canada, who has recently returned from the Island. "The price of raw sugar, which declined to 3¼ cents per pound in January last, threatened to seriously aggravate the general situation," Mr. Pease explains. "This price, considerably under the cost of production this past season, had it continued, would have caused many sugar mills to close down, with very disastrous consequences to the whole Island. Fortunately in this emergency the Government appointed a sugar selling commission, with the approval of the mills, representing 75 per cent. of the production of the Island. On the adoption of this plan the price of sugar immediately advanced to five cents per pound. This means all the difference between success and failure of the crop, as a cent advance represents on the estimated crop at current prices this year \$60,000,000 additional returns. This action on the part of the Cuban Government cannot be regarded as establishing an arbitrary price for its sugars as the world supply governs the market price. Under somewhat analogous conditions the Canadian Government in the fall of 1919 assumed control of the Canadian wheat crop of that season and disposed of it through a wheat board, to the great advantage of the entire country.

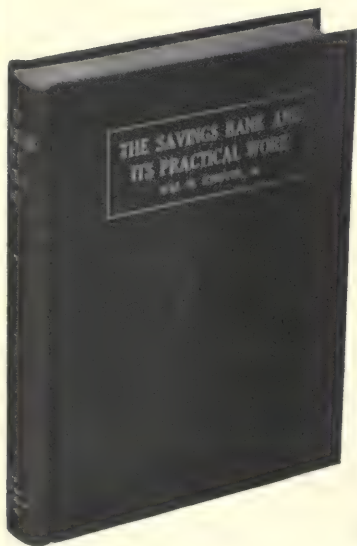
"In view of the wonderful productivity of Cuba's soil and her nearness to the American market, her recuperation is sure to be very rapid."

The Savings Bank and Its Practi- cal Work

By
Wm. H.
Kniffin, Jr.

550 pages
Illustrated

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THIS 550-page book is a complete and practical treatise on savings banking, covering the history, organization, management and methods of operation of both mutual and stock savings banks. It is also adapted to the requirements of savings departments in banks of discount and trust companies.

The work of a typical savings institution is minutely gone into, commencing with its organization, internal management and working of every department, including bond amortization, audits, banking through the mail, advertising, etc.

There has long been a dearth of practical literature on the savings bank and its work. The present volume is the only one which so thoroughly covers the field.

It takes up such topics as the following: The savings bank movement; nature and functions of savings banks; the thrift habit; the savings bank as a public benefactor; the savings bank as an institution; savings banks in the United States; organization of a savings bank; management of a savings bank; the by-laws; the first deposit; the bank and its depositors; deposits; withdrawals; deposits by check; general orders and identification; alteration of pass books and transfer of accounts; the teller and his cash; the passing of the deposit ledger; posting and proving; the dividend—its declaration and computation; mortgage loans and realty values; bond amortization; savings bank audits; banking through the mails; accounts of deceased persons; lost pass books; advertising the savings bank; dormant accounts; society accounts; school savings banks; insurance on mortgaged premises; finger print identification; home banks; interest on mortgage loans; insolvency in the savings bank.

THE BANKERS PUBLISHING COMPANY

253 Broadway

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NEW BANK SWINDLING SCHEMES

A Canadian newspaper announces that recently in Montreal a clever crook swindled three of the banks to the extent of \$17,000 by a new variation of an old trick.

"He appears to have opened savings accounts in three banks and after operating them for a time, one day presented a check to each for acceptance. The checks were accepted and the bank acceptance stamp placed on them with the ledgerkeeper's initials in the usual way. The checks were, however, written with vanishing ink. Later they were filled up for \$10,000, \$5,000 and \$2,000 respectively, and as they appeared to be quite regular and he known to the teller as a customer, they were honored.

"The fraud was discovered the next morning but the swindler had made his escape and from last accounts had left no clue.

"As a rule banks do not permit savings checks to be handed out to customers after acceptance. As with all regulations, however, they are occasionally relaxed, and while in most cases nothing happens there will always be trouble when crooks are afforded such an opportunity.

"In New York a short time ago there was an epidemic of check raising, though their practice in regard to accepting checks was much more elaborate than in Canada. Their rules call not for the initials of the accepting officer, but the signature of a senior officer. Now the rules call for two signatures of bank officers below the bank acceptance stamp.

"It is surprising that more attention has not been given to this subject in Canada. An impression of a rubber stamp, which anyone can have made, together with an illegible scrawl purporting to be the ledgerkeeper's initials, has a standing in the popular mind as an obligation of a bank which is utterly absurd.

"With current accounts there is not the same danger as these are not opened for every Tom, Dick or Harry but with savings anyone can deposit a few dollars and open an account. Name, signature and address given are entered and that is all. The city branches are particularly vulnerable to schemes of this sort.

"It goes without saying that regulations will be tightened up all round since the Montreal affair. This, however, will be no hardship to the honest man.

"Finger prints of all savings depositors have been suggested but unfortunately this is connected in the public mind with the police, besides being rather a messy proc-

ess. Some American magazines, however, are advertising a system without the use of ink. Such a safeguard might not entirely eliminate the danger but it would force a crook to leave a record which could be traced and this would certainly tend to discourage the fraternity. The employment of a mechanical protecting device, to indelibly register or perforate an amount limiting payment to a figure approximating that on the face of the check when accepted is also suggested."

A NEW BOND PRICE BOOKLET

The National City Company of New York has issued a special booklet, entitled "United States and Canadian Equivalent Bond Prices." The exchange rate existing between the two countries has made for constantly increasing volume of bond business between the two, and the booklet tells at a glance the price the American investor has to pay for bonds in United States funds, according to the premium of those funds.

FOREIGN BRANCHES PROMOTE
CANADIAN TRADE

In addressing the fifty-second annual meeting of the shareholders of the Royal Bank of Canada, Edson L. Pease, vice-president and managing director, referred in part as follows to the policy of the bank in establishing foreign branches as an aid to the development of Canadian trade:

"Without exception, the operation of our foreign branches has been satisfactory, and in this connection I desire again to put on record my views as to the advantage of conducting foreign business where possible through the medium of our branches rather than through affiliations with other banks, which we do not control. It is only through its own branches that a bank can keep in close touch with its customers and give efficient personal service.

"That the expansion of a bank does not mean a drain on the main organization is something which I have had occasion to point out many times. The figures of our foreign loans and deposits, as they stood at November 30, 1920, affirm this fact.

Deposits	\$164,000,000
Loans	102,000,000

"The Commerce Reports of the Dominion have year by year afforded ample testimony of the national service rendered by the Bank in extending our markets abroad. Wherever we have opened branches, trade with Canada has been stimulated. This statement is emphasized by a recent report in which the trade commissioner for Brazil draws attention to the fact that since the inauguration of a direct shipping service by the Dominion and of the banking facilities which The Royal Bank of Canada have provided, trade between Canada and Brazil, previously of small dimensions, has shown a distinct increase.

"I referred last year to our intention of establishing a department which would provide

inquirers with any special information desired. The Foreign Trade Department has now been in operation for nearly a year, and during that time has been able to render many services to Canadian exporters and importers, and to our clients abroad. In addition to providing general information on foreign markets, this department has in many cases placed Canadian exporters in touch with prospective customers with whom they have later developed a satisfactory business. In the early part of the year it was frequently impossible to find Canadian producers who were in a position to consider the many orders which came from other countries; Canadian conditions are now changing, but in view of conditions abroad we are advising exporters to proceed with caution. We think that in the years to come our intelligence department will prove of great utility.

"The preferential tariff agreement between Canada and the British Colonies in the Caribbean, which now awaits ratification by the Dominion Parliament, will not only result in trade advantages, but will serve to strengthen the movement for closer union. A most gratifying feature is that Jamaica, British Honduras, Bermuda, and the Bahamas, which did not join in the old pact of 1912, are parties to the new arrangement. Canadian trade with these British colonies, which was increasing steadily under the influence of the preferential tariff arranged in 1912, will receive fresh impetus from the very favorable conditions now in prospect. The trade of the British West Indies reaches surprisingly large figures, the total value of their 1919 imports and exports being about 250 million dollars. Of this amount, a little over 100 million dollars is represented by imports, one-third of which are supplied by the United States.

"In summing up the general business situation, while I feel that casual optimism is out of place, and that we ought all to recognize the fact that business is being brought down to a new and sounder basis, I think that undue pessimism is just as bad as the other extreme. Whatever the difficulties we have to face in the near future, the fundamentals of Canada's position are sound, granted that the Canadian people work hard and exercise reasonable economy."

EASTERN CANADA SAVINGS AND LOAN COMPANY

The business transacted in 1920 by the Eastern Canada Savings and Loan Company compared favorably with that done in any previous year, according to the thirty-third annual report of the directors. The total revenue for the year amounted to \$153,580.68. After allowing for interest on debentures and deposits, cost of management, etc., a balance was left of \$69,181.22, which was applied as follows:

Dividends, 8 per cent per annum, payable quarterly.....	\$44,967.20
Written off real estate and home banks	1,090.74
Income taxes	8,787.57
Transferred to reserve fund....	14,335.71

The three calls made on the capital stock of the company have all been paid, making the total paid-up capital \$600,000, the average paid-up capital for the year being \$547,833. Loans for the year came to \$497,500, all the available funds of the company being constantly employed. Installments on

mortgages were satisfactorily met, the arrears being less in proportion to the amount out on mortgages than in any previous year.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for April 1, 1921.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 253 Broadway, New York; editor, E. H. Youngman, 253 Broadway, New York; managing editor, E. H. Youngman, 253 Broadway, New York; business manager, J. R. Duffield, 253 Broadway, New York.

2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding one per cent. or more of the total amount of stock.) Bankers Publishing Co., 253 Broadway, New York; W. C. Warren, 253 Broadway, New York; W. H. Butt, 253 Broadway, New York; E. H. Youngman, 253 Broadway, New York; J. R. Duffield, 253 Broadway, New York; K. F. Warren, 253 Broadway, New York.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is..... (This information is required from daily publications only.)

J. R. DUFFIELD.

Sworn to and subscribed before me this 29th day of March, 1921.

HENRY G. FRITSCHIE,
Notary Public.

My Commission expires March 30, 1922.

BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-FIFTH YEAR

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VOLUME CII, NO. 6

Our Perplexed Business Situation

IN times of business depression it is well enough to recall the observation made long ago, that things are never quite so bad as they seem. Perhaps it may be easier to do this than to remember in prosperous times that things are never quite so good as they seem. But, taking the most optimistic view possible under existing circumstances, the situation is far from reassuring. The reasonably steady progress toward recovery which it was hoped might follow the ending of the war has not as yet set in. Political, industrial and financial disturbances of more or less gravity exist in many quarters of the world. In Europe, as the principal theatre of the war, these disturbances are naturally the most serious in character, although lands far removed from the scenes of actual warfare are also suffering quite seriously. This applies to countries not themselves involved in the war.

If general opinion is right, the most necessary step towards recovery consists in the settlement of the German reparations in a manner acceptable to the allied governments. This settlement has been dragged along for many months; and while any day may witness a termination of the controversy, it may on the other hand be indefinitely postponed and may even lead to a fresh outbreak of war. It is to be hoped that even before these lines are published a more favorable outcome of the situation may have eventuated.

Here in the United States we are not exempt from the direct and reflex effects of the situation in Europe. Inability of the European countries to produce on their accustomed scale reduces their ability to buy from us, and thus our foreign trade—now so widely understood to be a fundamental element of sustained national prosperity—suffers something approaching stagnation.

With political conditions like those recently prevailing in Upper Silesia, and with labor difficulties of the gravity of those lately confronting Great Britain, the reflected feeling here is bound to be of a depressing character.

Fortunately, some of these difficulties have been composed, while others are now so near the crucial point that a decisive outcome can not be much longer postponed.

In the midst of all these disquieting factors it is consoling to reflect that here in America there exist no political controversies, and that while labor and capital have not as yet composed their differences, and a few strikes of a serious nature are now in force, the industrial situation might be far worse. The most unsatisfactory feature about it is to be found in the large number of unemployed, and that this unemployment is caused, to a considerable extent at least, by the unwillingness of those employed in certain lines to accept reductions in pay which employers claim to be necessary. This unemployment not only deprives those out of work of their customary means of livelihood, but it diminishes the goods and houses which the community needs.

There can hardly be anything like a general return of prosperity in the United States while so many of the workers in industry remain without employment.

Charges of inefficiency are being made both on the side of capital and labor, especially in the conduct of railway and other great enterprises. The advocates of labor point out how the railroads could be managed with much greater economy in their financial operations. Representatives of capital contend that the labor unions are reducing efficiency and making exactions which tend to strangle industry. The Government apparently stands as mediator between these antagonists, now making concessions first to one side and then to another.

Meanwhile it may be well to recall what was first said, that things are never quite so bad as they seem. We have the promise of good crops, the financial situation is sound and improving. The Federal Reserve Banks have conserved their resources so that these institutions are now in position to be more helpful to trade developments, and the Federal Land Banks have resumed the making of advances to farmers.

While the new administration at Washington does not at all times seem to see its way clearly through the foggy seas of European politics, a gradual definition of our relations with the trans-Atlantic nations is being shaped. When these nations have succeeded in placing their respective houses in order, the United States may be expected to have the disposition and the ability to co-operate with them in the work of permanent restoration of production and trade.



An Enlightened Industrial Policy

THAT many of the largest business organizations of the country are earnestly searching for a way of bringing about closer relations between those who direct industry and the workers engaged in the respective establishments, is a well-known fact. In

an endeavor to carry out this policy, the Standard Oil Company of New Jersey has established the following programme of principles in dealing with employees:

"1. No discrimination by the company or its employees against any employee on account of membership or non-membership in any church, society, fraternity or union.

"2. Collective bargaining as to all matters of mutual interest, made effective through the Industrial Representation Plan.

"3. Paying at least the prevailing scale of wages for similar work in the community.

"4. The eight-hour day or its equivalent.

"5. One day's rest in seven, preferably on Sunday, or the equivalent of such period.

"6. Sanitary and up-to-date working conditions.

"7. Just treatment assured each employee, with opportunity for submission of all grievances for adjustment through the Industrial Representation Plan.

"8. Continuous effort to eliminate accidents through effective safeguards and active co-operation of employees and committees under expert supervision.

"9. Payment of disability benefits in case of accidents incurred while at work.

"10. Health supervision by a competent medical staff.

"11. Payment of sickness benefits after one year's service.

"12. Opportunity for special training to qualify employee for better work, with standard system of keeping record of service performed.

"13. Promotion according to length of service and ability demonstrated.

"14. Partnership through stock ownership made easily possible for the thrifty employee after one year's service, the company adding fifty per cent. to the amount invested by the employee.

"15. Assurance of a generous annuity at the age of sixty-five, guaranteed for life after twenty years of service, with special consideration for those who become disabled before that period.

"16. Death benefits to insurance providing \$500 to \$2,000 for dependents of employees of one year or more of service."

These principles, in the main, have been in force for several years, and their operation appears to have been satisfactory. If applied generally, so far as practicable with varying types of business, they should go far toward relieving the present tension between capital and labor.

Proposed Department of Public Welfare

HALF the contests of the present day are won by appropriate catch-words. One of the most profitable occupations of literary hacks is in devising a slogan that will win dollars or votes. Get an appealing war cry, and in these emotional times you can put almost anything over. The working of this principle was no doubt well understood by those disinterested patriots who first proposed a Department of Public Welfare. They knew at the outset that no one who ever courted popular applause would dare oppose it. To oppose the public welfare would be like opposing the church, the school, the hospital, the sick babies' fund and other educational and benevolent activities. But may not one have a due regard to the public welfare, and yet distrust the method of advancing it through the creation of a new department at Washington?

What, essentially, does this proposal mean? Does it not rest upon the mistaken assumption that the dollars taken from the people by taxation can be transferred to a department at Washington, and after having been largely absorbed by the delays, red-tape and extravagance of the various bureaus, that these dollars of the people can be thus made more serviceable than if they had been employed at home where they were originally earned?

A new department means more bureaus, and these mean more desks, carpets, swivel-chairs, files, statistics, salaries and expenses. Do all these things mean more economical use of the dollar in promoting the public welfare, or the reverse?

Already elaborate diagrams are being constructed to show the numerous ramifications of this new department; and if these designs are to be trusted, the Government will henceforth look so completely after the individual citizen's welfare as practically to relieve him of any responsibility whatever.

In his annual message to Congress President Harding mildly supported the proposed department, but in the following cautionary statement he made what must be considered as an insuperable objection to it:

"We must, of course, avoid overlapping the activities by the several states, and we must ever resist the growing demand on the Federal Treasury for the performance of service for which the state is obligated to its citizenship."

In other words, the people of every state, city, county and township have a duty which they owe to themselves, and which they should not be permitted to transfer to the shoulders of others. Moreover, they will have to pay taxes to support the new department, and in sending their money away from home perhaps one-half its efficiency will be absorbed at Washington.

But there is another sound reason why this vague venture into the field of socialism may well wait; it will call for big sums of money, and thus make demands upon the people for the payment of more taxes with no prospect of an adequate return. It would be a move in the direction of public extravagance at a time when economy is sorely needed.



Employees Becoming Capitalists

AS occasion has permitted, THE BANKERS MAGAZINE has advocated a wider ownership of the industries of the country by those employed in these industries. This is not looked on in the light of an industrial panacea, nor indeed as being free from very serious objections. It will not prove a panacea, for probably no plan could be devised which would give satisfaction to everybody. And it will bring some disappointment, for in dull times dividends will disappear, and there will be occasional failures with loss of the sums invested.

But, allowing for all these disadvantages, the plan of participation in ownership on the part of employees has much in its favor. In the first place, the employee puts on the same kind of shoe his employer has been wearing, and may find it not so devoid of pinching as he had supposed. But against this negative side of the matter there is the positive advantage which ownership brings to the employee. He gains a more direct interest in his work, through the process of working, in part at least, for himself, and when the ownership of stock becomes large enough, the employees actually gain an important share in the management.

It will perhaps surprise the readers of THE BANKERS MAGAZINE to learn that the largest stockholding interest of one of the largest financial institutions of the country is now in the hands of employees. Reference is made to the Guaranty Trust Company of New York. The significant thing about this is that the company must have regarded this move as being of mutual benefit.

While perhaps the banks have less reason than do the industrial concerns for taking their employees into partnership, it nevertheless tends to a better understanding for the banks to offer their employees an opportunity of becoming shareholders in the institutions where they are employed.

In the course of time, as employees gain a larger and larger share in the industries of the country, they will come to exercise a considerable degree of control, and this should go far toward removing the present causes of misunderstanding between labor and capital.

The Foreign Trade Convention at Cleveland

THE eighth annual foreign trade convention, which was held at Cleveland, Ohio, May 4-7, was well attended considering the fact that owing to the present foreign trade situation there has been some diminution of interest in that subject. But the far-seeing manufacturer looks ahead of the existing depression to a time when our foreign trade will again be active. Perhaps there is more urgent necessity for keeping alive interest in foreign trade at this time than there was a few months ago when there was so much actually going on in this direction.

Some of the newly-organized export houses have rushed in where the more experienced feared to tread and have paid the penalty for their intrepidity. Even the best of the export concerns are having a pretty hard time of it, and banks long experienced in foreign business find themselves in possession of bills which they must renew and can not collect. Still, exports and imports are going on and in a large volume. It will take a great deal of time for the European concerns indebted to our exporters to put themselves in position to pay up, but that most of them will do so ultimately can hardly be a matter of question.

It was an encouraging feature at the Cleveland convention to note the interest which the banks of the country are continuously manifesting in building up our exchanges of products with other lands. A largely-attended meeting of one of the groups presided over by Frank O. Wetmore, president of the First National Bank of Chicago, discussed the topic "Banking Service in Foreign Trade," and many interesting facts were brought out showing how the banks, even those of the interior, are equipping themselves to render the highest possible degree of service in promoting the foreign trade of their respective localities.



False and Harmful Economic Teaching

SPEAKING before the District of Columbia Bankers' Association at Washington, Mr. Crissinger, the new Comptroller of the Currency, made the following statement, as reported by the Washington correspondent of the New York "Journal of Commerce and Commercial Bulletin":

"Unfortunately for us all, the law of supply and demand is as dead as a New England salted mackerel."

Mr. Gompers had long ago assured us that this same law is no longer applicable to labor.

To be fair to these two gentlemen it should be said that Mr. Crissinger meant that this law had been upset by combinations of various kinds, and that Mr. Gompers meant to say that labor should no longer be considered as a commodity whose value is regulated by the law of supply and demand, but that its status was to be fixed by enlightened and humane considerations.

Although one may partially agree with both these statements, and fully recognize the elements of truth they contain, yet it can hardly be doubted that the beliefs founded upon them are the causes of widespread mischief.

No doubt the combinations and "gentlemen's agreements" of which Mr. Crissinger complained, do exist, and they also have an important effect, for the time being, in preventing the operation of the usual laws of supply and demand. But is not the working of such laws suspended temporarily rather than abolished altogether? Is it not probable, indeed, that the law of supply and demand still operates, though its workings may be obscured?

Combinations may prove effectual in limiting the supply of certain articles, and may fix their price. But do they have a like control over the demand? We have seen what has been the effect of putting up the price of railway transportation: it curtailed the demand. And so with respect to clothing, furniture and many other commodities. Only theatre tickets, automobiles and summer furs seem to be in unlimited demand without much regard to price.

No; those who engineer combinations can not have it both ways; they can not predicate maximum consumption and consequent large-scale production upon maximum prices. Is this theory merely? Study the present output of American manufacturing establishments in proportion to their capacity, and you have the answer.

It is a part of the law of supply and demand that the effective demand for the bulk of commodities will have a direct relation to the ability of the consumer to buy; and such ability depends upon price. High prices are today limiting the demand, and so the old-time law is operating.

And while on humanitarian grounds one would like to concede the correctness of Mr. Gompers's view, that labor is exempt from the law of supply and demand, this can not be done with due regard for truth. Because labor is dependent for its reward upon the sale of its product at a profit. And if consumers can not be found, labor fails of its reward and of its employment. From three to five million men out of employment at the present time witness the truth of this statement.

Some professor has recently announced his intention of demon-

strating the falsity of the law of gravitation. Should he attempt to do this by walking off the tower of the Woolworth Building, in the expectation of remaining suspended in the air, it might be well for the Broadway passers-by to keep out of the way while the demonstration is being made. They might otherwise receive a shock from the impact of a rapidly-falling body, in case the professor's theory should not be sustained when put to the practical test.

So with the law of supply and demand. It is likely to catch and to hold firmly in its grip laborers, manufacturers, merchants and comptrollers of the currency.



The Sale of Investment Securities by Banks

AS the necessity for broadening the country's investment market grows greater, it is quite natural that the banks should be considered as the proper channel through which this wider distribution of securities may be effected. In order to find out how this matter is regarded by the banks themselves, THE BANKERS MAGAZINE recently addressed a list of questions to a representative number of banks in various parts of the country, asking them whether they maintained departments for selling securities to the public, and also inquiring as to the effect which the sale of securities through the bank would have on deposits. A summary of the replies to this investigation appears on another page of this issue, and it is believed that it will be found of especial interest as representing first-hand views on a subject at present of great practical importance.

While the opinions of the bankers are naturally somewhat divergent, there is a substantial unanimity in the conclusions reached where banks have already undertaken this service to the effect that both the banks and the public derive a benefit from it.

Perhaps the main consideration which restrains the banks from undertaking the retail distribution of securities lies in the fear that they may make recommendations to their customers which the subsequent course of values will fail to justify. Even in the case of Liberty Bonds such a situation might have been encountered. Probably, though, reasonable people would not expect the impossible of the banks, but would only hold them to the exercise of a reasonable degree of skill combined with a conscientious statement of facts in regard to any securities which the banks might offer for sale.

Where no bond or investment house exists, it would seem quite

natural for the person desiring to buy securities to go to his bank. If the banks should successfully engage in the retail distribution of securities this should greatly enlarge the investment market and give the bond and investment houses more work to do than they ever had before. Their expert services would be needed to make investigations of proposed issues and to be the buyers in the first instance.

It is gratifying to learn that the banks are finding out by experience that by selling securities to the public their deposits are not decreased but that, in the long run, the tendency is in the other direction. Careful investment means a growth of wealth, and in any community having a large number of successful investors the wealth, and consequently the bank deposits, will be increased. From the public and individual standpoint the broadening of the investment market is greatly to be desired, for in this way would a larger and steadier volume of funds be assured for industries and public utilities, thus tending to keep business going and labor well employed. The individual would find the careful investment of his earnings a great help in meeting his financial problems and in rendering his position in life more secure. Finally, but by no means of least importance, as the workers in industry through investment in the enterprises in which they are employed become part owners of them they will gradually acquire that enlarged share of profits and of control which should go far in helping to reconcile the present unfortunate hostility which prevails in the relations between capital and labor.



THE life is more than meat, and the body more than raiment. It is of minor importance who holds the wealth of the Nation if the hearts of all its people beat with true historic American throb. The clothes may mark but the clothes can not make the gentleman. The economic rehabilitation of the ancient faith which upheld the ragged Continentals, emerged in pristine glory from the throes of civil war, and hurled its smiling and undaunted face against the grim engines of tyranny, upon the fields of France, is a far greater work.—*Ex-Vice-President Marshall.*



CHARLES EDWIN MITCHELL

President The National City Bank, New York

MR. MITCHELL, who was recently elected president of the National City Bank, was born in Chelsea, Mass., in 1877. He was graduated from Amherst College in 1899 and entered the employ of the Western Electric Company in Chicago where he became assistant to the president and assistant manager, having under his direct supervision the purchasing and sales department in the West, after a few years service. In 1906 he resigned to become assistant to the president of The Trust Company of America in New York, and in 1911 he established the investment banking firm of C. E. Mitchell & Company, which was liquidated when he accepted the presidency of the National City Company, which he held previous to his recent change.



ALVIN W. KRECH

President Equitable Trust Company of New York

MR. KRECH was born in Hannibal, Missouri, in 1858. After completing his education he entered the flour-milling business, and later became a railroad contractor. He was connected with the Union Pacific Railroad for a year previous to joining the Mercantile Trust Company of New York in 1894. In 1903 he became connected with the Equitable Trust Company of New York of which he is now president. He is also president of the Equitable Safe Deposit Company and a director of several railroads and other corporations.

Should Banks Sell Investment Securities?

A Consensus of Banking Opinion on the Advantages of this Type of Business

IS the selling of investment securities a proper function for a commercial bank? Granting that it is proper, is it also profitable for banks to undertake this class of business? In an endeavor to find out what the banks themselves think of these questions, THE BANKERS MAGAZINE has sent out a questionnaire to all parts of the country asking the following questions:

1. Does your bank buy investment securities for the account of customers and depositors? For example, if Depositor B wanted to buy ten shares of U. S. Steel Preferred, would your bank negotiate the purchase?
2. Does your bank have a regular department for transactions of this sort such as a bond department?
3. Does your bank take any active steps in encouraging the purchase of investment securities by the people of your community?
4. Is it your opinion that it is proper and fitting for banks to act as distributors of high-grade securities?
5. What effect would the sale of securities through your bank have on your deposits?

BUYING SECURITIES FOR CUSTOMERS

To the first question the great majority of banks replied in the affirmative. In only a very few cases did banks report that they would not undertake a transaction of this sort when especially requested. Many banks, however, reported that they only bought securities for customers when requested and made no point of this service and did not encourage their customers to buy. Others said that they did this gladly for customers and without charge. Some banks charge a small commission. A number of banks made a point of the fact that they assumed no responsibility in this type of business and made no recommendations. One banker writes:

"We will execute the orders of our customers for any stocks that they may desire to purchase and, when funds are easy, will loan them money to assist in their payment. Naturally, we inquire into their proposed purchases and if we know anything prejudicial to the proposed investment will use our influence to dissuade them from purchasing."

Another banker writes:

"We will negotiate for anything that the applicant wants. If the security is unknown to us, or if we have no information about it, we procure the information voluntarily. If the security does not possess the elements of safety we strongly advise against it, giving our reasons. If the applicant buys it despite our warning we leave it to experience to make him a wiser person."

A Western bank writes:

"We make a practice of buying investment securities for our own account for re-sale to our investors and are always glad to order any stocks they care to purchase."

A bank in Indiana writes:

"We never have been called on to purchase this class of securities but we see no reason why we should not."

Another bank writes:

"We are pleased to do so when requested but do not advertise the same because if things go wrong we might be reminded, 'You let me do it.'"

A large Chicago bank writes that this type of business is handled by the bank's special securities department and that the business is large enough to require the services of twenty-three persons.

An Ohio bank writes:

"As a matter of service we handle a considerable amount of such business. We do not of course attempt to make a profit but carry it as an adjunct to our

regular investment business. The great majority of such trading is done through brokers."

A Southern bank reports that it buys bonds for customers but no stocks.

A Montana bank says, "Not only that, but we would arrange monthly payments for the customer."

A study of the replies to this first question would seem to indicate that most banks will purchase securities for a customer's account when so requested, but as a general rule they decline all responsibility as to the wisdom of the investment. This function, in most banks, seems to be merely passive. Very few banks go out of their way to take this sort of business and only do so as a special service to customers.

THE SECURITIES DEPARTMENT

About half of the banks that responded to the questionnaire reported that they maintained regular bond or security departments to handle investment business of all kinds. Some of the smaller banks found it impracticable to have regular departments but reported that this type of business was handled for customers by the bank's executives and the accounts kept by the regular bookkeeping department. A number of banks that did not at present have special departments reported that they were about to organize them. Some banks reported that they had special departments but confined their activities entirely to high-grade bonds.

A New York bank writes:

"A regular bond department is maintained and every facility for the purchase and sale of bonds and stocks is placed at the disposal of correspondents and customers."

A bank in a Western city writes:

"We have a bond department which sold \$17,000,000 worth of municipal bonds, corporation bonds and short-term notes in 1920. The department has a personnel of about twenty-two at present and has had a steady growth for years."

A Chicago bank reports that it has

had a bond department in operation for over thirty years.

Another bank in Chicago says, "Except in the matter of special orders, we sell nothing we do not own outright. The idea is that if it is not good enough for us, it isn't good enough for our customers."

An Ohio bank writes, "We try to give advice to customers in much the same manner as any well-equipped bond house."

A Western bank writes, "We sell chiefly farm mortgages made in our vicinity or certificates based on mortgages."

ENCOURAGING INVESTMENTS

Only about half of the reporting banks stated that they took any active steps towards encouraging investments by the people of their community. The rest of the banks take a passive attitude and only undertake to give advice on investments when especially requested.

Methods of encouraging investments vary from the occasional advertising of the bank's willingness to make purchases for customers to a very active selling campaign involving advertising, personal salesmanship, and direct-by-mail literature. Some banks have a thoroughly organized department with trained salesmen constantly calling on prospects. Others confine their efforts to circularizing a mailing list.

Following are some of the more interesting replies to this question:

"We have a very complete equipment and are constantly mailing thousands of circular letters offering various classes of securities, after thorough and exhaustive investigation."

"Yes, we do and we think it is much better for a bank to have facilities for making investments for its customers than for the public to depend upon irresponsible concerns."

"We encourage by advertising and personal contact the purchase of approved securities by our customers, especially those who have their 'first thousand' in the savings department."

"Yes, by advertising and suggestions

to savings depositors with substantial balances that even amounts over what should be kept on hand for emergencies be transferred from savings to bonds of higher yield."

"We encourage investments by general advertising that we have a 'bond department' and inviting our customers to take advantage of its facilities."

"We encourage all of our bank patrons to purchase investment securities and we consider it a proper and fitting service to our customers and to our community."

"We encourage the public to make all of its investments through us."

"The bulk of our advertising for the past two years has been of an educational investment nature."

"We advise through our advertising mediums that our officers are always ready and willing to offer their services and advice in this connection."

"We advise our customers to invest in conservative bonds as a means of helping the business of the country and getting a better rate of interest than we can pay them on accounts."

"We are trying to educate people through advertising that they purchase all their investment securities through this bank."

"We advertise to obtain information about securities, and for that purpose have subscribed to Moody's and one or two analytical companies."

"Our partial payment plan is popular."

"We recommend that people save money so that they can buy good investments."

"Before this state had a 'blue sky law' it was so infested with crooks, dishonest stock-jobbers and fly-by-night air-castle schemes that nearly everyone who had money and could invest became known. It then became a matter of competing with such gentry by offering recommended securities, thereby giving the public an honest 'run for their money.' It is for this reason that bankers should sell good securities, and when they do they are really great public benefactors."

"We advertise those securities which

we consider especially attractive. We have six salesmen in our city and one on the road. We also publish a house-organ, which we distribute once a month to all investors and prospects on our lists."

"We spend \$6000 a year on advertising."

"Yes. If we do not sell high-grade securities, blue sky stuff will be offered. We believe we should protect the investing public in this way."

"We mail bond offerings to a selected list."

"We make every effort to push this business and have built up a wide distribution."

"We encourage investment in high-grade securities in our community, and throughout the State of Florida, through newspaper and direct solicitation."

"We make investments an active feature of our advertising."

IS THE DISTRIBUTION OF SECURITIES A PROPER BANKING FUNCTION?

The great majority of the banks answered the fourth question in the affirmative. Only a very few banks consider that it is not proper and fitting for banks to sell investment securities. One of these objecting banks says:

"We believe that there is danger in advising customers to buy securities, because if the market drops the bank is in danger of losing the good will of many who took the bank's advice and bought."

Another bank has the following similar objection:

"I doubt the wisdom of so doing as the greatest indoor sport of to-day is to blame the other fellow when things go wrong."

Some others objected to commercial banks undertaking this class of business but thought that it was all right for a trust company. Others objected to it only in national banks.

Among the affirmative replies the following are of special interest:

"Yes, we consider it the duty of a modern banking institution."

"It is proper to distribute bonds, for in so doing the money of people who

could not be reached otherwise is brought out."

"Yes. When a bank has a suitable organization whose officers are properly informed and when only high-class securities are handled."

"It is most fitting that a bank should act as a distributor of high grade securities, as this is a great field of service to persons experienced or inexperienced in obtaining desirable investments."

"It is our experience that we save much money for depositors by keeping their investments in safe channels."

"We feel that the failure which many investors have made in the past is due to the fact that they have purchased investments from salesmen instead of from their banks. If their banks had had high-grade securities at current rates, every community would have been better off."

"It has gotten to a point where it is not a matter of choice whether the banks shall distribute securities, but on account of the Liberty Loans, more or less of a bond business has been forced on the banks. As a result of the wide distribution of Liberty Bonds, it is only natural that the purchasers when again in the market would go to their banks for further investments."

"Yes. There is here an opportunity for many small country banks to develop a profitable bond business."

"We believe that banks are one of the best mediums for the distribution of high-grade securities."

"Absolutely, because in the end it will make the United States 'safe for Untrained and Uninformed Investors.'"

"Banks should be the leaders in distributing high-grade securities."

"Banks should interest themselves in local underwriting."

"Absolutely, not only that it may serve its clients in the way of friendly counsel but that it may have something of a line on the character of the investments, and the business acumen of their customers, especially as to their borrowing responsibility."

"We see no objection, providing that there is an officer sufficiently qualified to consider with good discretion the

special needs and conditions of the investor, and who will consider the investor's interest before that of the bank."

"We think it entirely within the province of the banks to do this, provided they have a proper department and other necessary machinery for handling the detailed transactions."

"In so far as they do not enter the field against reputable brokers."

"It seems to us banks are rendering a distinct service when they provide facilities for clients to make their investments through them, as it insures the offering of investments of only the highest type."

"Certainly. Why leave the door open to the 'fly-by-nighter?' It is largely our fault that people are so gullible."

"We can see no reason why banks should not engage in this entirely legitimate and constructive business."

"Not only proper and fitting but absolutely necessary. BUT, banks in my opinion should not lend their influence and authority to promotion of stock, bonds and securities. That is a broker's legitimate field. In this bank we *recommend* investments only in such bonds as we can buy ourselves."

"A few years from now nearly every bank will be handling securities as a matter of course. Those early in the field will have a tremendous permanent advantage, and I believe there is no matter of policy more worthy of consideration to-day by the officers and directors of country banks than that of handling the investment banking requirements of their community as well as its commercial needs."

"We believe that the banks of the country by failing to provide safe investments are largely responsible for the ease with which a tremendous volume of worthless securities are permitted each year to be sold. Giving these same people conservative bonds at the attractive rates now prevailing would improve the position of the customer as also that of the bank and being mutually profitable would tend toward permanent and larger business."

"Yes, and the banker who does not

do so to-day is missing a great opportunity for rendering a real service to the community in which he lives which is incidentally remunerative to his bank."

"The writer was for about fourteen years a national bank examiner, and it is his personal opinion that a commercial bank should, by all means, keep itself posted as to desirable and safe investments, and give its customers the benefit of such advice when indicated."

"Yes, but not to be sponsors of issues unless regularly underwritten and specially investigated by the bank."

"It is my feeling that in large centers where investment houses are well established and equipped to give investment service in a large way, it is not essential, from the public standpoint, that securities be handled by banks and trust companies, and it is probable that so far as actual costs to the public are concerned, better service can be obtained by actual investment houses which have their exchange connections and are actively engaged in the one particular work of buying and selling securities. On the other hand, in the smaller communities, where the facilities of substantial investment houses are not available, it seems that from the standpoint of the public, the purchase and sale of investments by banking institutions is a very good thing, and there would seem to me to be a field for real service in the distribution of high-grade securities by banks and trust companies thus located."

"We agree that the banks should take a more active part in the marketing of high-grade securities in our respective communities."

"Would prevent all wildcat scheming if banks took an active interest."

"Yes, but we encourage our investors to purchase, as far as possible, our home securities, because this immediate vicinity is always short in cash and the banks are nearly always on the borrowing list."

"Entirely so. However, there are times when it is not advisable to encourage the purchase of 'outside' paper. For instance, at the present time agri-

cultural sections are in need of financial assistance and it would hardly be consistent to recommend the purchase of commercial paper or other securities."

EFFECT ON DEPOSITS

In answer to the fifth question, only a small proportion of the reporting banks stated that the selling of securities would tend actually to decrease deposits. And in most of these cases, this was an opinion based on guesswork and not on actual experience. Banks that had actually had experience in the selling of securities reported either that this resulted in no change in their deposit status or else that the tendency was to increase deposits. Many of the banks seemed to feel that their depositors were going to make a certain number of investments anyhow and that the bank might as well handle this business as someone else. Others reported that this additional service attracted many accounts to the bank that might not otherwise have been secured. A good many banks take the broad-minded attitude that the more they encourage sound investment in their community the better it will be for the banks in the long run, because investment tends to increase the available capital of the community and thus increase the volume of business to be transacted. Following are some of the more interesting replies:

"Encourages saving for future investment which offsets withdrawals for immediate investment."

"By reason of its being an enlarged service, should be a factor contributing to the increase of the number of depositors, and hence the aggregate amount of deposits."

"Temporarily to decrease—eventually to build up."

"It has increased deposits and brought in new clients."

"Believe that it benefits deposits. Savings department can act as a feeder for the bond department. Someone will sell our patrons bonds and stocks, so why not our own institutions, thus making friends and often preventing the

putting over of fraudulent schemes and rendering a real service."

"We believe that it helps deposits. We repeatedly send investment literature to savings depositors with large accounts."

"Increases our deposits. When a new investor receives interest he realizes that it pays to save. We watch every large account and encourage funds for investment, resulting in more saving by the investment public."

"A community of good investors builds a better community and we will profit by it in the end."

"Notwithstanding the fact that money is being constantly withdrawn from our interest department to buy securities through our bond department, the number of accounts in our interest department and its total deposits continue to increase."

"As tested by the Liberty Loan campaigns it temporarily stopped their growth but it inculcated thrift and now our deposits are rapidly growing as the reflex result."

"We find that this service has brought us a number of new accounts."

"In the long run it will have the effect of increasing deposits, as more people will be desirous of saving up to a point of \$500 or \$1,000 for the purpose of investing at higher rates."

"Evidently for the best, as 1920 shows an increase of twenty-one per cent. in savings deposits in our bank."

"The more securities a bank sells its customers, the more they appreciate their bank and the more money they will deposit and encourage their friends to deposit."

"By encouraging the public to concentrate all of its financial business here we feel that it helps deposits."

"We have not noticed that the sale of securities by this company has in any way affected the deposits of our bank. We do not make a practice of soliciting savings accounts, but when a depositor withdraws funds, and we believe it is for investment purposes, we do not hesitate to call his attention to the offerings of our bond department."

"It has been the writer's experience, which covers a number of years in the bond business, that the selling of securities through a bank has a decided tendency to increase that bank's deposits by bringing new people into the bank and through the general advertising which is always necessary in a bond department."

"We have maintained a bond department for years and our deposits have shown a continuous growth."

"Contrary to expectations, it has stimulated our savings."

"It is a fact that in the savings departments of banks there are many who, after accumulating a certain sum look about for investments, and if we do not sell them bonds from our bond department, they will purchase elsewhere or make personal loans. In either case the deposit leaves the bank but we directly gain some benefit and still have a proprietary interest in the deposits after having sold them some securities."

"Unquestionably it would tend to lower deposits, but if the bank itself did not sell its clients they would buy their securities through outside sources with a resultant loss of commission to the bank itself."

"It reduces them and bank should make a profit on sale of securities to offset this."

"Probably would reduce deposits to some extent if an active campaign were instituted."

GENERAL CONCLUSIONS

A careful study of the returns from this questionnaire would seem to indicate that while there are many banks that do not make any effort to sell investment securities, there is no serious objection to this type of business and that the banks that have had experience with it find that the business is profitable and in every way beneficial.

It is evident that there is a larger field for the building up of business of this sort in the smaller communities that are not now served by reliable investment houses. The larger cities are well

supplied with the latter and there is not so much need for banks engaging in this business and when they do so they have to meet a strenuous competition.

It seems not without the bounds of possibility that there will come a day when banks in every community will act as retailers of securities in the same way that the local grocer retails groceries. In this way big reliable issues that are put out by the large investment houses will find a much wider distribution direct to the people without the slow process by which securities some-

times work their way into the hands of the ultimate investor.

By reason of the confidence that the bank enjoys in every community, it should be possible for it to attract capital that cannot be reached through any other means, and also to deflect it from being wasted in wildcat schemes which too often find their readiest field in rural communities.

Banks everywhere are studying the possibilities of this type of business and there seems every reason to believe that it is growing in popularity.



The Bank Credit Investigator*

By Russell F. Prudden

(This is the second of a series of articles by Mr. Prudden covering this important subject.—THE EDITOR.)

THE functions of a bank's credit department and the qualifications of the investigator were discussed in last month's article, and at this time some idea of the organization of the credit department and the mechanical side of the work may be of interest as well of importance. Needless to say the person who is about to take up this work will not be concerned with the formation of such an organization, but will have to know, nevertheless, just how the workings of this department are co-related and how the control of possibly thousands of accounts, representing many millions of dollars, is brought about. For purposes of illustration we shall therefore take into consideration the organization of a large credit department such as may be found in many of the banks of our larger cities. Such an organization will, of course, be entirely too elaborate for the smaller bank, but may be cut down proportionally and the more specialized duties handled by one or more people as the case may be.

The control of a bank's credit department, should we go to the primary source lies of course, with the president. While the duties of this officer are necessarily of an executive nature, and pertain to all departments of the bank, it is very seldom that a large loan is made or an important credit decided upon, without his knowledge and sanction. He may not go into the matter in great detail as do the junior officers and may very largely take their recommendations, but as he is primarily responsible for the successful management of the institution, his approval or disapproval is therefore essential. Important credit matters are often not only discussed by the various officers and the president, but in many cases are brought to the attention of the directors at their weekly meeting. The directors are usually men of prominence in their particular lines of endeavor and in many cases have a close personal knowledge of the corporation or firm to whom the extension of a large amount of credit may be extended. Should the majority of the directors disapprove of the loan under consider-

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ation, it is quite evident that it would not be made, regardless of the president's view or those of any of the other officers.

The great majority of credit matters are, however, passed upon by the one or more vice-presidents in charge of this work. In many banks we find that this work is divided either alphabetically, according to sections of the country, or according to the type of business under consideration. The advantages and disadvantages of these classifica-

is actively in charge of the credit department, but in most instances, especially among the larger banks, the department is under the control of a credit manager. The duties pertaining to such a position are many and the person so engaged must have marked executive ability, must be able to organize the work in an efficient manner, employ the proper assistants, and co-operate with the credit departments of other institutions. He must also be capable of mastering infinite details,

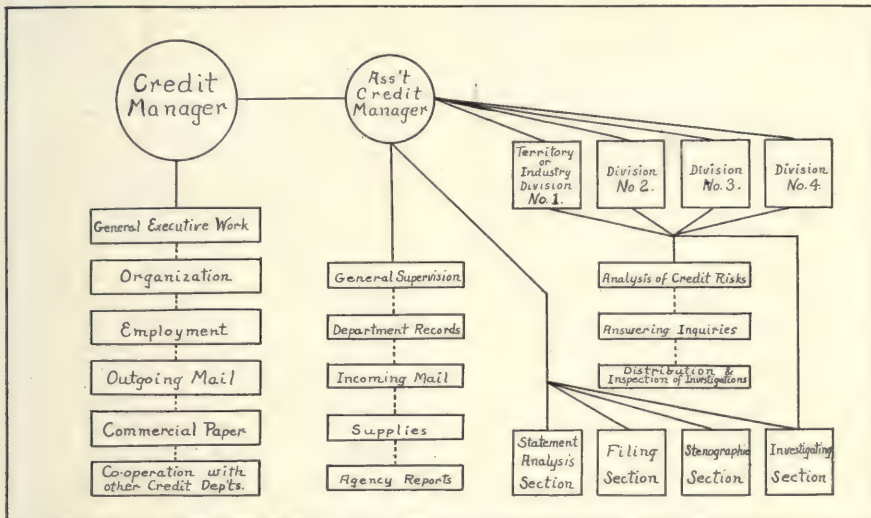


Chart showing organization of the credit department

tions will be discussed later, and in any case, the vice-presidents interview customers with whom they discuss present day conditions and after a thorough review of the situation, establish lines of credit or decide upon a specific loan.

DUTIES OF CREDIT MANAGER

Next in line after the credit vice-presidents, come certain assistant vice-presidents and assistant cashiers who are also engaged in credit work. The duties of these officers are very similar to those of their superiors, the principal difference being that smaller and less important accounts are handled and more detailed work devolves upon these men. In some cases an assistant cashier

have a broad knowledge of the bank's customers, and be able intelligently to pass upon numerous credit letters to the bank's many correspondents and clients. As the personnel of many credit departments ranges from fifty to one hundred or more people, and as the duties of the manager are very exacting, it can be seen that only a man of ability and experience can fill this position. Most credit managers have, as a right hand man, an assistant who is in still further touch with the workings of the department and is personally responsible for the efficiency of the various sections into which the work is separated. These sections are known as the investigating, filing, analysis and

stenographic, and the work of each is very closely related, and only by friendly co-operation can success be attained.

DIVISIONAL RESPONSIBILITY IN CREDIT -WORK

To facilitate further the daily output of the credit department, whether it be the revising of the bank's own accounts or the compiling of information for clients, the work is usually sub-divided and the same classifications which were mentioned in connection with the duties of a bank's vice-presidents are applicable to the work of the credit department. In the case of the smaller banks it is usually found that there is no need for a classification of the work, and there is no particular divisional responsibility pertaining to credit matters, except of an alphabetical nature. This method is, in fact, followed by some of the larger banks but little else can be said in its favor aside from the fact that it is an expedient by which the work can be easily distributed.

Where the classification or distribution of credit work is handled according to territory which may cover either one or more states or a Federal Reserve District, we find that all matters pertaining to such territory are cared for by certain specified officers and members of the credit department. The advantages of this form of divisional responsibility are quite pronounced and it is very evident that the persons thus assigned to the work of a particular territory have a better knowledge of the prevailing conditions in that locality and the needs of such clients than were they endeavoring to keep in touch with conditions in all sections of the country. They become very familiar with the accounts so located, and they are also able to keep well in touch with the general conditions prevailing in that particular part of the United States. Local newspapers and magazines are followed and by this method the bank is able to know at all times just what the real condition is in nearly every place in the country. In view of this intimate knowledge of prevailing conditions, it is felt that such men can far

better size up a credit risk than if their knowledge were more general.

Other bankers, however, contend that greater success and more efficiency can be attained by confining one's efforts to a particular line of business, such as the woolen, silk, importing and exporting, motor or iron and steel industry, and feel that persons trained along such lines are well fitted to understand conditions peculiar to these particular industries and can thus pass upon credits in a more intelligent manner. Bankers who favor this method of divisional responsibility argue that a detailed knowledge of prevailing conditions in a certain territory is not as valuable as a highly specialized knowledge of a particular industry. In other words, it is claimed that anyone in touch with the times knows that conditions in the South are very unfavorable and that all business in that locality is more or less affected, while few persons on the other hand, have a thorough knowledge of the manner in which the cotton crop is financed. It would therefore seem that this system of credit work classification would prove to be an ideal arrangement, especially as it would afford an opportunity to attain a more highly specialized knowledge of the accounts under one's control than could otherwise be the case. Either of the methods outlined are, of course, only applicable to the larger banks and could not be adopted to any advantage by smaller banks where officers and customers are less numerous.

Returning again to the organization of the credit department, we find that the manager and his assistant are usually aided by a number of division heads. The men holding such positions have, of course, had considerable investigating training and are in full charge of all investigating and revision work pertaining to their division. The duties of these men are much the same, whether the alphabetical, territorial or industry scheme of responsibility be followed, and include the assignment of work to the investigators, the inspection of investigations and statement analysis, the answering of verbal and mail inquiries and the full analysis of

credit risks for the loaning officers. The nature of these duties is necessarily very exacting and requires considerable experience and ability.

HANDLING THE DAILY MAIL

As the credit department of a large bank receives a great number of inquiries each day, it is quite necessary that the work of handling these letters be arranged in a systematic manner. The letters which are received each day are therefore immediately divided into groups, according to the organization of the department, and are there handed to the various division heads. Notations regarding these letters as to name, date of receipt and reply, are made on a special form prepared for that purpose. In case it is found that there is sufficient information already on hand to answer a letter, the reply can be sent out on the same day that the letter is received. In some cases, however, the bank may have little or no information of value and in such instances the letter must be acknowledged and the name turned over by the division head to the investigator who will make the necessary investigation.

The investigator is usually furnished with a printed form filled in to outline the purpose and scope of the investigation, and in the case of the less experienced investigators rather full direction can thus be set forth as to how to proceed. An investigation may consume a few hours or one or more days depending on the nature of the name and the experience of the investigator, but when finished, it is turned over to the division head for inspection. A letter of reply to the inquirer is thereupon prepared by the division head, the investigator, or in smaller banks by the official to whom the letter is addressed. Should any of the letters received in the daily mail require particular attention, they are placed where they will have first consideration. By the system as outlined, a thorough check is maintained, and every division head knows at all times how many inquiries are unanswered and the number of investigations which are pending. These

men familiarize themselves with the situation constantly, and in the case of special matters it is their duty to so adjust the work that the investigator's time is effectively utilized. If some such method were not followed, and the mail were answered in the ordinary way, it would be possible for a special matter to go unnoticed for several hours. The matter of handling the revisions of a bank's own customers is more of a routine nature and is carried on regularly by certain investigators who are little affected by the daily inquiries which so often need special attention.

All credit investigators, whether they report directly to a chief investigator, the assistant credit manager, or to the division head as the case may be, work hand in hand with the division men and likewise the duties of the analysis and stenographic sections are closely related. The duties of the latter are self-evident although it might be mentioned that the dictaphone has come to play an important part in many large credit departments, especially in the transcribing of the investigators' interviews which are often quite lengthy. As the work of the statement analysis section will be explained at some length in a subsequent article, we shall not go into detail at this time.

THE IMPORTANCE OF FILING

A most important part of credit work, however, is that of filing, and while the filing section of any organization or department is not in itself particularly interesting, its importance is not to be overlooked. No credit department is complete or possible without a good filing system and in fact it might be stated that there could be no real credit department without the files. As soon as the filing system gets out of order the work of the department lags and becomes inefficient. If the necessary folder can not be had when needed, time is lost, and if such a case be multiplied many times in a day the department's operations soon come to a standstill.

When a young man begins bank credit work he usually enters the filing



Credit filing department of a large New York bank

department and if the right method is followed he remains there for some time. The amount of valuable information which can be acquired from handling, sorting or making up credit folders is very great. This work may seem routine at first and quite uninteresting, but for the person who really wishes to learn credit work there is no better way to get a firm footing. Several bank credit managers and officials of prominence at this time were fortunate enough when starting their banking work to be placed in the credit filing department of their institution, and they no doubt owe their success quite largely to that very fact.

As everyone with any kind of business experience is somewhat familiar with the various kinds of filing systems, it will not be necessary to go into much detail. Suffice it to say, the files most adapted to and commonly used by bank credit departments are the high-grade steel filing cabinets, built in sections containing three or four sliding drawers. These drawers are adapted to the reg-

ular letter sized folders and hold from fifty to one hundred depending upon the bulk of the folders.

There are probably no two bank credit departments having exactly the same kind of filing system, each bank adopting a system best adapted to its own needs. The ability to locate a folder quickly when needed is the prime essential, and no matter how good a system is regarded as being, it is not satisfactory unless such is the case. Nothing is more annoying or exasperating than for an officer or the credit manager to call for a certain folder, in order to talk with a client or to answer an inquiry, and to learn that the folder cannot be found. The time of one or two people for several hours is sometimes consumed in trying to locate the missing article, and when found it may be no longer needed for the particular occasion. In order to obviate any such difficulty, it is, of course, necessary that a slip, bearing the person's name desiring a folder, be put in its place at the time of removal from the files. The

date should also be included as well as the name of the folder. This system will not give the desired result, however, unless adhered to very strictly. An annoying habit of one officer or investigator passing a folder from one to another, without first returning it to the files or at least without having the name on the slip changed, is often the greatest cause for delays in locating folders. Some managers do not feel willing to call the officers to account for such actions and consequently inquiries from other banks, either by personal call or by telephone, may sometimes go unanswered for hours, or for days in the case of the larger banks.

In order to obviate this difficulty some banks have adopted a system of transfer slips and this has been found especially useful in the case of officers or those who are located at some distance from the credit department. By this system, should an officer have a folder which he wishes to transfer he makes out a new slip covering the facts and immediately despatches this to the credit department where it is placed on file in place of the original one. When this method is adhered to closely the credit department has little difficulty in keeping track of its countless folders and the problem of missing folders is reduced to a minimum. Another safeguard which has proven quite beneficial is that of having someone make a list of all folders found on each officer's desk every morning. Should a loss be reported later in the day the missing folder can then be traced quite easily.

SOME FILING SYSTEMS NOW IN USE

No attempt will be made to outline an ideal filing system as such systems usually prove satisfactory in theory but not in practice. As stated before, the filing system must be fitted to the bank and not the bank to the system, and depends largely on the size and type of business handled. For this reason a somewhat brief description of various systems in use in a few of the larger New York City banks will be given.

The first one is that of a large trust company having over forty thousand

folders in its credit department. This system has three main divisions, the first containing only the expansion press-board folders and covering active names of three kinds—first, deposit and loan accounts; secondly, commercial paper or bills purchased names; and lastly, active names in other departments although not regular accounts. All of these folders are filed together alphabetically in the allotted section of the files but the different types of names can be instantly told by the color of the index tab on the folder. Folders of the first type have blue tabs, the second type yellow tabs, and the third white.

The second division of this system contains press-board folders covering all banking correspondents. These folders are arranged geographically by city, and the index tabs are also blue.

The third division comprises inactive folders which are of the plain manila type and cover miscellaneous names and investigations of all kinds, made largely for the bank's customers. These folders have a white tab and are filed alphabetically.

All three divisions of this system of filing are governed by an alphabetical card index so that in case it is not known, one can immediately learn in which division a folder may be found. This index also acts as a check on the files and gives definite information as to whether or not there is a folder on the name in question. An excellent supplement to this index would be a trade index whereby all names in a certain trade or business would be grouped together. Such an index is especially valuable when, due to conditions, it becomes necessary to revise all names in a particular line.

The second system to be outlined is that in use in one of the largest national banks, whose credit files contain nearly one hundred thousand folders. Here we find four main divisions. The first includes all of the bank's commercial accounts and the folders have index tabs of a certain color and are filed alphabetically. There is no card index of these names, but one would be desirable. In fact, an up-to-date card index with frequent cross references is a time

saver not to be ignored by even the smaller credit departments.

The next division of this system contains commercial non-accounts, the large press-board folders or the cheaper manila ones being used as the case may require. It is in this division that the bank's great collection of information on miscellaneous names arising from inquiries is filed. These folders are also filed alphabetically and bear colored index tabs. In connection with this type of names we find that there is a classified index by business and industry but this is used largely for solicitation purposes.

The third part of the filing system under consideration covers bank accounts, and the fourth contains folders of banks which are non-accounts. All bank folders are filed geographically, this being due to the great similarity in names.

The last method of filing which will be discussed is one in use in another large national bank, and in this case there are three divisions. The first contains the bank's commercial accounts covering deposit and loan names. The heavy press-board folders are used and the index tabs are white. A special "Library Bureau" filing system, known as the "Automatic Index" is used for these names and it is not strictly alphabetical. The second division covers only commercial paper names, and these heavy press-board folders bearing pink tabs are filed alphabetically. The third part covers miscellaneous names, the folders being the lighter manila type due to the fact that they are often but little used. This bank has a general card index system covering all folders. The cards are arranged alphabetically and by consulting this index the person can immediately learn whether there is a file on the desired name, and if so, in what division it may be found. All files and folders covering bank accounts and names are kept in another department of this bank and are not regarded as belonging to the credit department.

The filing systems which have been outlined are but a few of the many in use by the various New York banks at this time. They are all operated for

the same purpose, however, but with varying degrees of success. There is no doubt but what these systems could be improved in certain ways but many credit departments have reached such proportions that the work involved in making any material changes, as well as the necessary delay might not be worth the result. As mentioned before, no so-called "ideal" system is offered, as the purpose of these remarks is merely to present to the reader some idea of the various methods and systems which are now in practical use.

The duties of the file clerks are many and, of, course, vary with different banks. They range however from opening the mail, placing letters of inquiry with proper folders, making up new folders from data collected by investigators, ordering and accounting for agency reports of all kinds, to the clipping of newspaper and magazine articles, and many other duties as the case may be. The training and information to be obtained in the filing section of any bank credit department is most valuable, and some bankers insist that new investigators spend at least six months at this work before commencing to make active credit investigations.

DESCRIPTION OF THE CREDIT FOLDER

A brief discussion of the make-up and arrangement of the credit folder may also be of interest and value to the beginner at this time. Nearly all banks use the letter-sized expansion press-board folders, at least for the more important names. The manila folders which are lighter and less expensive are usually reserved for less popular names or ones about which comparatively little information has been gathered.

As there is a great mass of detailed information, often collected over a period of years, pertaining to any commercial or borrowing name of importance, it is necessary to have this information arranged in the folder in some orderly and convenient manner. Here again, as in the case of the various filing systems, each bank has worked out some uniform system on which all

folders are built up, and probably due to the great number which have been collected do not find it feasible to make any material change. In this instance, therefore as before, no attempt will be made to present an "ideal" folder but merely to give some idea of the prevailing systems now in use.

There seem to be two principal styles of credit folder, as far as New York City banks are concerned. The first type is arranged on the order of a book with index sheets forming divisions in which the various kinds of data covering interviews, statements, agency reports, letters, et cetera, are placed. As nearly all of the forms and special data will be more fully discussed in later articles, they are at present mentioned only in relation to their position in the folder. Five index sheets are usually used in the first type of folder, and these cover statements, interviews and investigations, agency reports, correspondence and miscellaneous data. In the first section thus formed, that is, between the outside cover of folder and the index sheet marked "Statements," is placed the Comparison of Statements sheet. This is a special bank form on which is copied the annual statements received from the company direct or from some other source. Following the "Interviews and Investigations" index are placed sheets which have been written up to cover the result of interviews with banks, brokers and trade houses regarding the subject, as well as direct interviews between bank officers and the concern's officials or partners. If the name in question is a commercial paper one, that is, if the company's note is sold in the "open market" by a commercial paper broker (whose operations and services will be fully explained in a subsequent article), a memorandum sheet covering the bank's purchases of any of this paper follows the interview sheets. This memorandum sheet merely covers such items as date of purchase, amount, due date, rate, name of broker, and remarks.

In case the company in question carries an account at the bank, a printed form is filled out and next inserted, covering all details in connec-

tion with the opening of the account. Such details are rather numerous and include the name of the company or firm, address, date, by whom introduced, officers or partners, other bank accounts, affiliations, amount and form of initial deposit, line of credit to be granted if any, and remarks. The opening sheet is sometimes placed in the very front of the folder but this is largely a matter of choice. The fourth division of this folder is devoted to agency reports which will be discussed in some detail later on in this article. The fifth section covers correspondence and letters regarding the concern in question, both to and from other interested banks and business houses, located in other cities; and in the last division are filed miscellaneous items such as newspaper clippings, and also in most cases an inquiry sheet on which is noted names of banks which have made inquiry concerning the company. Copies of letters written by the credit department in reply to such inquiries are also filed in this section.

The second type of bank credit folder which is used by a few of the larger banks and considered by them to be very desirable, contains two distinct divisions. All information received directly from the concern is clipped on one side of the folder and all indirect information on the other side. Instead of having the make-up of the folder similar to that of a book, as in the first type, the information sheets and forms are fastened and held at the top.

The direct information side of the folder, should it be an account, includes the Opening Sheet as well as a Borrowing Sheet covering date, amount of borrowings, maturities, rate and method. Then comes a Memorandum of Purchased Paper showing bank purchases, as well as the high and low and present borrowings of the concern through its commercial paper broker. Following this comes a Total Borrowings Sheet covering details of all borrowings through all banks and all brokers. The Comparison of Statements form is placed next, followed by the interviews with brokers (which is looked upon in the light of direct information), all inter-

views with the officers or partners of the concern, all direct correspondence with the company, actual statements from the company, and lastly the complete report from a certified public accountant if one is obtained.

The indirect information side or division of this type of credit folder is headed by a general information sheet covering the exact business in which the concern is engaged, a list of all of its bank accounts, names of other banks which are in touch with the name, trade references, outside interests and note

done a heavy card-board index is used instead of the usual paper index sheet.

It has already been mentioned that in the double-faced type of credit folder, the second described, all information regarding bank loans to the concern in question is placed in the folder on the direct side. This makes it possible for the officer or investigator to immediately learn of the concern's borrowing status. This method, however, necessitates additional work to some extent as each time that a loan is made the credit folder must be obtained and

FORM 486		LINES GRANTED		YEAR	AVERAGE BALANCE	LOANS	
						HIGH	LOW
NAME	The Broadway Clothing Company	OWN NOTE		1914			
ADDRESS	618 Astor Street - New York City	ENDORSED	\$60,000	1915			
BUSINESS	Mfr's. - Men's Clothing	S/R OR COLL.	15,000	1916			
ACCOUNT OPENED	Jan. 5th, 1919	FOR EXCH	Letters of Credit	1917			
				1918			
				1919	14,100	754	54
				1920	16,850	704	3 Mos.

	1921				1922				1923				1924			
	March		Good		AVERAGE BALANCE		LOANS		AVERAGE BALANCE		LOANS		AVERAGE BALANCE		LOANS	
	THOUSANDS	HUND REDS	THOUSANDS	THOUSANDS	THOUSANDS	HUND REDS	THOUSANDS	THOUSANDS	THOUSANDS	HUND REDS	THOUSANDS	THOUSANDS	THOUSANDS	HUND REDS	THOUSANDS	THOUSANDS
JANUARY	15	200														
FEBRUARY	10	920														
MARCH	12	600	50-	50-												
APRIL	12	300	50-	50-												
MAY	14	430	50-	20-												
JUNE	10	790	24-	20-												
JULY																
AUGUST																
SEPTEMBER																
OCTOBER																
NOVEMBER																
DECEMBER																
TOTAL FOR YEAR																
YEAR'S AVERAGE																

Loan and discount card

broker. Next follows a Memorandum of Inquiries, newspaper clippings, unfavorable information gathered from indirect sources during previous investigations and typed on a red-colored sheet of paper, interviews with banks and trade houses, and lastly agency reports.

All information regarding subsidiary companies is placed in light manila covers and these are put in the larger folder of the parent company. In the first general type of folder discussed however, information regarding a subsidiary is often placed in an additional division of the file, and where this is

the Borrowing Sheet removed and written up. Where a bank has several thousand borrowing accounts the time and effort involved in making such postings is considerable, especially should the work be done by typewriter.

LOAN AND DISCOUNT INFORMATION CARD

In the case of the folder resembling a book as to make-up, all information regarding the concern's borrowing record is usually placed on a heavy yellow card, known as the Loan and Discount card. Such cards are filed alphabetically and are generally kept in close proximity to the credit manager. They

contain monthly average figures as to balances and borrowings, detailed list of loans and discounts covering date, maturity, rate, amount, line of credit which has been set, and sometimes other figures such as the ratio of current assets to current liabilities and also the bank's opinion of the name, such as good, fair or poor, this rating being placed on the card at the time of revision. The amount of information which one can secure from these cards is often sufficient to answer a telephone inquiry, especially if one is at all familiar with the name and general contents of the credit folder. Also, should the folder be mislaid or temporarily in use by some officer, the information obtained from the card is quite often enough to fill the need of the moment.

An attempt has been made to make plain, in the foregoing pages, in as brief a manner as possible, the mechanical make-up of certain credit forms and especially the credit folders which house the great mass of information which is constantly being amassed by a bank's credit department. Both types of folders which have been discussed have their advantages and disadvantages, and it is largely a matter of preference as to which is the better.

AGENCY REPORTS

Inasmuch as the beginner has now received a general idea of the organization of a bank credit department as well as the importance and methods of systematic filing, the preliminary steps in making an investigation can be set forth. When a letter of inquiry is received regarding a concern and it is found that there is no information on file, the first thing to be done after acknowledging the letter is to send for an agency report. This is likewise the first step in the case of a revision, or where the last agency report on file is a year or more old. The principal reason for obtaining an agency report immediately, especially in the first mentioned case, is for the valuable "leads" it may contain. We shall

therefore discuss some of the many types of reports which are at least commonly known to the New York City banks. It is hardly necessary to mention that when sending for a report it is quite obvious that the investigator is limited to the agency reports for which his particular bank may subscribe.

Reporting agencies furnish reports of two kinds—general and special. The special reports are usually limited to certain lines of business or to certain types of names, and the agencies furnishing such reports do not attempt to go further. The general agency reports, on the other hand, cover a much larger field and are universally used. They are issued by the two large commercial agencies known as Bradstreet's and R. G. Dun & Co. These companies have been in business for well over fifty years and the entire country is served by their many branch offices and they are in a position to give reports on practically any business house in the United States. Their services have also been extended to many other countries. Reporting agencies, such as these, obtain their information through their branch offices and from travelling reporters and special correspondents, and their organizations are necessarily extensive and complicated.

The mechanical side of the handling and use of agency reports is an important part of the work of a bank credit department, and many credit men have grown to believe that keeping tab of the number of reports received, or possibly not received, is more or less of a burden. Most contracts with reporting agencies call for the furnishing of a stipulated amount of reports, monthly or yearly, and the fact that the bank's records and those of the agency regarding the number of reports furnished disagree is not uncommon. For this reason it is quite evident that some system to record accurately the receipt of these reports should be adopted. One of the large New York banks has therefore put into use a recording method which involves the use of two similarly printed forms, with the exception of color. One form is used to

record Bradstreet reports and the other those received from R. G. Dun & Co. These sheets are ruled into columns which cover the date the report is ordered, name, location and business, the party for whom ordered, and the date of receipt. The person in charge of this work then checks these forms very carefully as to the receipt of every report ordered. By following this method the bank knows exactly the number of reports received and can take up the matter of delayed reports without any hesitancy as to a possible mistake. As the human element enters into the work of a reporting agency it is not uncommon for them to fail to or forget to send out all reports which have been ordered, but by adopting and living up to a good system, however, such as the one outlined, the bank will find that there will be fewer disputes at the end of the month.

The information obtainable from a Dun or Bradstreet report is usually quite extensive and as a rule covers the following points:—antecedents or past record of the concern, latest statement, total assets and liabilities from previous statements, character and capacity of business covering location of property, trade opinions, business outlook, fire record and general credit standing. As both Dun's and Bradstreet's reports are of a similar nature it is hardly necessary to order from more than one of these concerns. In certain cases, however, where one report does not contain the desired data, the report from the other agency may be more complete. As a rule a report can be obtained on the same day as ordered, thus making it possible for the investigator to receive quickly at least some general information on the concern, especially its financial condition.

Most reports give quite complete data regarding the partners or officers, covering previous connections and past record. Some business houses are very conservative or old fashioned, however, and do not believe in giving reporting agencies any information of importance, such as a financial statement. Such houses are now growing to be the excep-

tion and most of them realize that a policy of secrecy is not in keeping with the times or present day business methods.

If a full report is received, the investigator can obtain a comprehensive idea and working knowledge of the concern in question, and is in a better position to intelligently interview trade houses and banks. Should the report, however, be old or not particularly complete it is often advisable to send for a special agency report. Such reports are confined to a certain trade or business and the special agencies claim that they are in a better position to report the trade to which they cater than the regular agencies which cover all lines of business.

As most of the larger cities have local special reporting agencies covering local houses and names we shall herewith attempt to enumerate but a few of the New York City ones which are used by many of the banks and financial institutions.

The National Credit Office—Reports on many kinds of larger business houses as well as on commercial paper names.

The Commission Credit Bureau—Myers & Browning Division—Reports on dry goods and textile names.

Wood's Dry Goods Commercial Agency—Reports on dry goods names.

The major portion of a dry goods report is devoted to trade checkings, covering high credit extended, amount owing, terms and method of paying bills, and the investigator can sometimes obtain from such a report the names of trade houses actively selling the concern in question.

Retailer's Commercial Agency—Reports on individuals as to retail credit.

The Bankers' and Manufacturers' Mercantile Agency—Reports on leather names and also commercial paper names. The latter reports include information regarding personnel, antecedents, statement, bank accounts, name of broker, as well as a sum-

mary of the investigation and opinion of the note.

Bishop's Service; Proudfoot's Commercial Agency; Frederick O. Brown's Service—Special reports on individuals and concerns and particularly on those engaged along financial, brokerage or promotion lines.

Graphic Art's Board of Trade—Reports on paper and printing names as well as on importing and exporting concerns.

Moody's Investors Service; Poor's Publishing Co.—Special reports and letters on all kinds of investments. These well-known services can hardly be classed in the category of credit agencies but are mentioned as they are a source of information on the investment side of credit problems.

There are a number of other special reporting agencies as well as various credit exchange bureaus used largely by commercial houses, and it is a matter for each bank to decide upon which of the various services it will find most helpful.

It can be seen from the foregoing that an up-to-date and complete agency report is very essential and a necessary part of a bank credit folder. The beginner may therefore wonder why it is

necessary to investigate further after receiving such a report. In fact, some business men have this same mistaken idea and often take pleasure in advising the investigator to consult Dun or Bradstreet instead of making personal inquiries. While nearly all bankers recognize the value of agency reports, most of them are cognizant of the fact that such reports are not infallible. Also much of the information therein comes more or less directly from the concern being reported whereas it is the aim of bankers to get impartial and competitive reports and opinions from many sources. When one considers the risks which banks incur in loaning funds it is not difficult to understand why they insist on complete personal investigations by their own men, rather than taking as final the opinion of an agency reporter whom they have never seen. The agency report has its place in a bank credit folder and performs a needed service, but it must be judged according to fullness and in the light of other information and past experience.

The bank credit investigator of today has many sources of information, consults all of them, weighs and considers the data carefully, and then forms the best opinion possible.



MAN has ten thousand plans for himself; God but one for him. Man cries, "Now, now!" God says, "Not yet, not yet!"—Mencius (*"The Wisdom of the Chinese."*)



JOSEPH C. ALLEN

State Bank Commissioner of Massachusetts

A LITTLE over a year ago, Mr. Allen, who was then vice-president of the Union Trust Company of Springfield, Mass., went to Boston as Commissioner of Banks at the request of Governor Coolidge, now vice-president of the United States. Banking conditions, especially in Boston, were known to be deplorable and leading bankers and men of affairs were gravely concerned regarding the situation. It was an extraordinary situation requiring extraordinary action.

After organizing the banking department, Mr. Allen's first important action was largely instrumental in putting the notorious Charles Ponzi out of business.

Following the Ponzi Exposure, a number of Boston trust companies were found to be in an insolvent condition and were taken possession of by the Commissioner. As the result of this general house cleaning banking conditions in Boston are now thoroughly sound and Commissioner Allen has achieved a well deserved reputation as an efficient and fearless government executive.

Trust Departments in National Banks*

The Provision of the Federal Reserve Act Which is to Have
the Greatest Effect on the Comparative Growth
of Banks and Trust Companies

By Charles E. Hammett

With McArdle, Djörup & McArdle, New York

TO obtain the correct viewpoint from which this subject should be considered it is necessary at first to briefly refer to the history of trust departments and trust companies in general.

During the period when the business groups and interests of the country were assuming the form of corporations and the ownership being distributed among numerous stockholders, the trust companies by their freedom and scope of action, in contrast to the limited powers of the banks, provided the mutual agency required by both the investing public and the stock companies, acting as trustee for bond issues, transfer agent, registrar, underwriter and reorganization committee, establishing relations and associations in these ways which resulted within a comparatively few years in their great growth and prosperity.

The increase in individual wealth also afforded many opportunities for activity as executor, trustee, guardian, custodian, agent and purveyor of securities, while to a very great extent the interest department has superseded the savings banks for customers of small means. Originating as a branch of the life insurance business, it sometimes would seem that the ambitions of the trust companies have no bounds, and that their ultimate purpose is to take entire charge of our personal and business before, during, and after life.

One of the most important and radical provisions of the Federal Reserve Act, however, was enacted to remove the handicap which the national banks have suffered in the past, and to equalize the possibilities of progress and suc-

cess by conferring on them trust powers.

ATTITUDE OF THE BANKS

It may be doubted, nevertheless, whether the banks fully appreciate the significance of the situation thus created for their benefit, or realize that, unless vigorous use is made of the opportunity afforded, the trust companies will continue to "nibble" after the tactics of Marshal Foch, at their clientele and business, annually drawing away or unwittingly attracting a certain share of the banks' own connections and custom.

The large banks, it is true, have been industrious in appointing trust officers and the smaller institutions are stoically prepared for trust business, if come it must, but on the whole it can be confidently asserted that at present the banks are more curious about the nature of their newly acquired privilege than keenly interested in its real advantages.

The traditions of the banks and the habits of official thought unconsciously tend to create an indifference to these strange and therefore troublesome duties, the young trust department being consequently left much to its own resources and devices.

The community at large, of course, is not concerned whether trust companies or banks conduct trust matters, and it must be remembered, also, that to the younger generations as they reach maturity the trust company will be quite as familiar and respected as the now perhaps more honored national banks.

*Mr. Hammett's article received honorable mention in the prize contest recently conducted by THE BANKERS MAGAZINE.

Securities											
Date	Inventory Value			Description	Annual Income	Balance Par Value	Date				
	Delivered	Received	Balance								
1917 Mar. 22		9 521 06	9 521 06	Chic., Mil. & St. Paul Ry. Genl. Ref. Ss, 1920, Nos. 8061-70	\$500	10,000	1917 Mar. 22	Received			
1919 Jan. 18	4 760 53		4 760 53	Nos. 8061-5	\$250	5,000	"	Cash for			
1917 Mar. 22		5 480 00	5 480 00	50 Shs. U. S. Steel Common Ctf. 41192	\$250	5,000	Apr. 15	Investme Highwa			
1917 Mar. 22		2 500 00	2 500 00	Bond & Mortgage, 1st Lien on property, 821 Jones Ave, 4 1/2	\$112.50						
1917 Mar. 22		4 000 00	4 000 00	Homestead - 221 Greene Ave.			1919 Jan. 2	Cash Ba to Pe			
1917 Mar. 22		1 500 00	1 500 00	Furniture 221 Greene Ave.							
May 1	1 500 00		--								
1917 Apr. 8		470 00	470 00	Third Liberty Loan Bds. No. 1, 111, 12	\$21.25	500.00					
1917 Apr. 16		1 012 50	1 012 50	State of N. Y. Highway Bds. 4 1/2 1966 No 180463	\$45.00	1,000.00					
May 2	12 50		1 000 00								
1919 Jan. 2		252 11	252 11	Peoples Savings Bank Deposit Book No. 1,223,334							

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Estate of

Figure 1: Balance Sheet (In this form the detailed descrip

It is safe to assume that the national banks do not wish, or intend, to fall behind the trust companies in prestige or activity, but it is a question whether they yet perceive that while they have acquired fiduciary and corporate trust powers, the trust companies and state institutions have gained an even greater advantage, that of joining the Federal Reserve System. The next ten years will probably reveal surprising results of the competition which is now bound to ensue, with all institutions equally empowered, and each presenting the same claims for consideration.

OBJECTIONS TO TRUST DEPARTMENTS

Various reasons are advanced by the banks to account for their diffidence, in the large cities the following ideas being prevalent:

That the trust business is of very slow growth and can be accumulated only through the decrease of customers and depositors.

That it is a field of activity not necessarily associated with banking which can be better carried on by institutions especially trained and equipped for the purpose.

The objections in the towns and country districts are these:

That there is very little of the business to be obtained in any event, and what may exist is too unimportant and unprofitable to be sought.

That the local lawyers will resent the enterprise as an intrusion into their own particular province.

ANSWERS TO THE OBJECTIONS

These objections are answered categorically in the following remarks, which are founded on a close observation of many trust departments in various sections of the country.

Cash				Profit and Loss, Additions, Disbursements								Total	
	Debit	Credit	Balance	Transaction.	Debit	Credit					Trust.		
from 1st Natl. Bank		1 184 16	1 184 16	As at inception as per inven-									
id. 121 Greene Ave.		80 45	1 264 61	tory filed - Mar. 22, 1917							24 265 67		
it in State of N.Y.				Liberty Loan Bond found in									
r Bonds	1 012 50		252 11	office desk					470 00		24 735 67		
				Furniture delivered to Mary									
				S. Smith as per Par. 6 of Will	1 500 00						23 235 67		
				State of N.Y. Highway Bonds									
				Written off to Par	12 50						23 223 17		
				Accounting Rendered, Dec. 31, 1917							23 223 17		
				Accounting Rendered, Dec. 31, 1918							23 223 17		
ance - Transferred													
iples Savage, Bank	252 11		---	\$5,000 Chic., Wil. & St. Paul									
				Ry. Bds. delivered to Helen									
				L. Smith now of age - as per									
				Par. 10 of Will	4 760 53						18 462 64		

James D. Smith

tion of the inventory is incorporated with the balance sheet)

Trust business is not slow in growth, but on the contrary, very rapid. It is frequently found in trust companies where the trust feature is well-emphasized, and such work efficiently managed, that the department, within ten or fifteen years will gradually become of greater importance and possess larger earning powers than the banking division.

There is no longer any question of the need and value of the work, and to assume at the outset that it will expand only as time goes on, is only to make certain that it will not expand at all. As banks seem agreed that it is advisable to be prepared to take up the business in some fashion, they should, logically, take it up vigorously and thoroughly.

Advertising by booklets or in news-

papers, which often comprises the campaign for business, while helpful, is not the best means of developing the new enterprise. A continuous interest in the department must be maintained by all of the officers and directors, who should fully understand the details of its capacities and functions. The trust officer has neither sufficient time nor the best opportunities to secure trusts, and the combined intelligence and impulse of the institution must be enlisted if any measure of success is to be attained.

The means of developing and sustaining this interest are various and much depends on the initiative of the executive officers.

Probably the advice that will have the widest application is a suggestion that the national banks deliberately adopt what might be termed a "trust

Beneficiaries				Balance	Credits			
J. S. Smith, Gdn.	Helen L. Smith 2nd Smith	Mary E. Smith			Dividends	Interest Tax Exempt Bonds	Other Income	
				28 12			28 12	Interest, three months, Jones Mortgage
				50 62	62 50			Dividend, U. S. Steel Stock
				340 62		250 00		Int., Chic., Mil. & St. Paul Bonds, \$10,000, 5%
				315 62				
				297 62				
50 00	50 00	100 00		97 62				
				108 24		10 62		Int. Liberty Loan Bonds
				130 74		22 50		Int. State of N. Y. Bonds
				156 87			28 13	Int. Three Months - Jones Mortgage
				221 37	62 50			Dividend, U. S. Steel Stock
				205 97				
				179 83				
				207 95			28 12	Int. Three Months - Jones Mortgage
				270 45	62 50			Dividend, U. S. Steel Stock
				212 26				
				462 26		250 00		Int., Chic., Mil. & St. Paul Bonds
				387 26				
50 00	50 00	100 00		187 26				
				197 89		10 63		Int. Liberty Loan Bonds
				220 39		22 50		Int. State of N. Y. Highway Bonds
				248 52			28 13	Int. Three Months - Jones Mortgage
				311 02	62 50			Dividend, U. S. Steel Stock
				284 88				
100 00	100 00	200 00		284 88	280 00	566 25	112 50	

James D. Smith

static copies can be rendered as a statement of account)

sume in the management of many estates, and the peculiar obligations it incurs to the makers and the beneficiaries of trusts, all parties entrusting their interests unreservedly to the care of the trustee, it is remarkable that better methods than those in general use are not demanded.

No standards of accounting and procedure have been established and the average system is neither to be admired nor copied. As a general rule the records represent no consistent plan or idea, the books being devised from time to time as a need arises, while departmental practices which were once proper are followed through habit long after they have become inadequate. Duplication of entries, waste of clerical time, and consequently earnings, unintelligible accounts, unsafe handling of securities, and undue dependence upon the trust officer's knowledge of details are all characteristic and common.

A national bank opening a trust department will have its best opportunity to avoid these conditions by arranging

at the outset a proper, adequate system which will expand along consistent lines as the business grows.

In Regulation F Series of 1919, the Federal Reserve Board has briefly but very lucidly laid down the general rules which should govern the actions of national banks in trust matters.

These regulations, however, will be of no assistance to a bank in opening records or establishing a system of procedure, and in fact the only way that such information can be obtained is through investigation, study and experiment.

The large institutions are securing trust officers from trust company ranks, and the average bank is placing one of its own staff in charge of the department. In either event, it is imperative that the executive officers and directors should consider the following points if the trust operations are to be safely and profitably managed.

In the first place, the department must not be committed to the care of any one officer. Instead of a merely

perfunctory joint supervision, two officers must always be entirely familiar with the work of the department, and share the responsibility for its activities.

The reasons for this are obvious. A glance at the daily statement of a bank will give to anyone a very good idea of its general condition, and a comparatively brief examination will disclose the exact state of its affairs, whereas the details of a trust department can only be comprehended by an exhaustive study of the records, which in some cases will extend back many years to the inception of the trust. It is most important, therefore, that the history of the trusts should not be possessed by only one person.

The trust business, it must be remembered, lacks the check and control which is effected in the general banking work through the balancing records of the various tellers and bookkeepers, and care must be taken that the trust department does not drift into a detached position, more or less unrelated to the rest of the bank, as this is undesirable in every way.

VALUE OF PROPER RECORDS

The records of a department are of supreme importance, and the time and thought devoted to devising concise, intelligible accounts will be repaid in a multitude of different ways. A notable characteristic of the customary trust is its duration, and for accountings and many other purposes there are continual references to old and forgotten entries. If the records are clear this research will be swift and accurate and much of the effort ordinarily required will be saved.

Instead of obtaining forms and ideas from a number of trust companies and building up from them a patchwork system in which certain features will clash with others or trail off into innocuous uselessness, it is preferable for a new trust department to construct its own kind of records, and to avoid imitation of methods which many trust officers will admit would be improved if an

extensive rewriting of books were not involved.

The records and books used by trust companies will doubtless contain helpful suggestions, but the chief requirement is to keep certain definite principles in view and to conform all the details to a basic plan.

This may appear a formidable proposition to a national bank officer confessing an utter and thorough ignorance of trust procedure, but if the following recommendations are used as a starting point, and if the ordinary rules of accounting are followed, much of the perplexity should vanish.

THE AIMS OF A CORRECT SYSTEM

It is first advisable to restate the general objectives to be sought, which are as follows:

1. To provide a safe method of handling and safeguarding securities.
2. To divide the responsibility for, and knowledge of, all transactions.
3. To set forth the result of these transactions in comprehensive records.

THE VAULT

The vault may be considered the foundation of a trust department. The accounts mentioned hereinafter as "trust investments," "custodies" and "corporate securities" constitute the controls of the securities and valuables kept herein, and to these balances the contents must always prove. Securities must pass in and out only upon the authority of tickets, signed by the two responsible officers, which pass to the auditor or general bookkeeper who establishes the controlling figure.

The two authorizing officers need not personally withdraw or deposit securities, provided an auditor or auditor's vault clerk has joint access with one of such officials.

In any event the tickets must not return to the trust department or the trust officer, but must move directly from the vault to the controlling account.

The auditor, or clerk not employed in

the trust department who acts as such, verifies the authorizing signatures, checks the corresponding entries on the departmental records and the circle is thus simply but effectively completed.

No department is too small to neglect this procedure.

THE ACCOUNTS AND RECORDS

The controlling accounts of the department are these:

Fiduciary and personal trusts.

Debits:

Trust investments

Uninvested principal

Credit:

Total of trust

Income accounts

Custodies

Corporate securities

A book of original entry combining cash book, journal and blotter, containing debit and credit columns under these headings, establishes the controlling balances. This record must not contain a great mass of information which is duplicated in the ledgers, the name of the trust and the amount of the items being all that is required.

The entries are made on this record and on the ledgers from carbons of the vault tickets mentioned above, and, when the transaction involves cash, from duplicate check stubs, the originals of which are held by the last-signing officer until collected by the auditor.

Duplicate deposit slips and duplicate journal entry tickets are also required and should be similarly treated.

For fiduciary and personal trusts the ledgers should be divided into principal and income. The income accounts are very active and, having no necessary accounting association with the principal accounts, can be handled more quickly in separate books.

The principal account ledgers should contain three pages for each trust, in the following form:

The Abstract, containing a brief analysis of the terms and provisions:

The Balance Sheet, exhibiting, 1st, debit, credit, and balance of amount of investments at inventory values; 2d,

uninvested funds transaction, amount and balance; 3d, profit, loss, distribution and addition transaction and amount, together with the total of trust. (See Fig. 1, illustrated by the details of an imaginary estate.)

The Inventory, giving a description and the details of the various investments in separate blocks, and showing debits, credits and balance of each.

In such a record the essential history of a trust stands out from the mass of unimportant and obscuring details and can be readily traced at any time.

The income accounts are simply debit, credit, and balance ledgers, but a great amount of labor can be avoided if the account is arranged thus—debits, description, analysis under appropriate headings when entered; balance; credits, analysis under income tax headings when entered, description. (See Fig. 2.)

The record of custodies should be in the same form as the inventory sheet of the fiduciary trusts, keeping the ledgers uniform so far as possible.

For corporate bond issues, two pages for each account will be necessary, made up as follows:

Page A. Heading of page to contain main facts of issue. Remainder to show, in sequence, authority under trust deed for delivery, to whom delivered, amount delivered, amount redeemed, balance outstanding.

Page B. Arranged in following columns: Numbers of bonds (of any kind) received; numbers of bonds (of any kind) delivered; amount of temporary bonds received, delivered and on hand; amount of definitive bonds received, delivered (originally or through exchange) and on hand; amount of cancelled bonds received, cremated and on hand.

These suggestions may convey little information at first reading, but if trial pages are drawn up with divisions and column headings exactly as described, their purpose should become evident.

Card files must be kept, supplementing the ledgers and clearing them of all purely temporary data, such as matur-

ity ticklers for coupons, dividends, insurance, mortgage interest and rentals; addresses, indexes of securities with bond and stock certificate numbers; detailed records of real estate and mortgages.

As stated before, the progress and efficiency of any department will depend

upon the initiative, study and experiment of the bank's directors, officers and employees, but it is hoped that this summary of conditions and the suggestions which are offered as solutions of the usual difficulties may be of service to them in preparing to undertake their new duties.



Knowledge of Commodity Values as an Aid to Determining Credit Risks

By Ward D. Hopkins

THE banker when making a loan considers first the financial and moral responsibility of the borrower. If the obligation is to be single-name or endorsed paper without collateral, the desirability of the risk will usually hinge simply upon the consideration of the "Three C's" of credit determination: that is to say, the character, capital and capacity of the applicant.

When, however, the loan is to be secured by collateral, other elements claim attention. In the first place, the fact that collateral is required of the borrower raises some degree of presumption that the additional security which the control of the pledged property affords the banker counteracts some weakness in the direct risk which makes an unsecured loan inadvisable, although this is not always the case. Many loans are so arranged that the lending bank or banker places primary reliance in the sufficiency of the controlled security to liquidate the advance involved at maturity under any and all conditions.

bonds, stocks and similar certificates, and advances against goods, wares and merchandise. Commercial bankers are not generally concerned with credit instruments based on real property, since this class of transaction lies for the most part within the field of investment banking. The value of stock exchange collateral is usually readily determined from the current market quotations. Hence it is a simple matter, except in times of great economic turbulence, to calculate a margin of value which gives the lending banker ample protection. Even in periods of great stock market fluctuations the banks which accommodate stock exchange houses, and others lending upon listed securities, are almost invariably able to place their market loans with a minimum of risk. Unlisted shares, bonds and debentures which are not the subjects of active trading are seldom looked upon with favor as collateral to support a loan and in cases where they might be accepted the circumstances surrounding the transaction would be such as to justify exception.

CLASSIFICATION OF SECURED OBLIGATIONS

Secured obligations may be roughly grouped under three classifications; viz., real estate loans, loans secured by

CREDIT RISKS BASED ON MERCHANDISE AND COMMODITY VALUES

There seems, however, to be one weak point in our banking technique as re-

gards the making of commercial loans, and that weakness has cost many metropolitan banks, as well as country institutions, dearly during the recent period of business liquidation. It has to do with the determining of credit risks based on merchandise and commodity values. Such loans are made to enable the borrowing merchant to trade in and carry stocks moving from the producer to the consumer. In this respect they partake of the general nature of practically all commercial advances. However, many obligations secured by warehouse or trust receipts, bills of lading and like evidences of the ownership of merchandise, are granted with the supposition that the goods covered will realize upon sale an amount more than sufficient to meet the debt at maturity. It is plain, therefore, that whoever passes on credits of this nature should satisfy himself beyond peradventure as to the marketability of the commodities involved at a price and within a time which will permit the proper liquidation of the indebtedness charged against them.

This implies in the lending banker a comprehensive knowledge of commodity values and of the condition and probable future trend of the markets involved. Unfortunately for the commercial paper portfolios of a great many banks, the necessity for a broad understanding of this phase of credit determination seems to have been very lightly regarded during the late lamented period of prosperity. Bankers and credit men generally seem to have been swept away from the moorings of sound values by a sort of mass psychology which gets hold of men's minds during business booms and leads them to the delusion that the old standards have been permanently cast off. It is this same impulse which leads merchants to scramble for goods and loans to carry them when prices are going up, without making an adequate survey of the market to assure themselves that the increases are fully warranted and that they will not be caught at the peak of values with heavy inventories.

ABILITY TO APPRAISE THE VALUE OF GOODS

The judicious granting of credits against merchandise does not require the banker to be a compendium of market statistics but it does necessitate that he have the ability to appraise with reasonable exactness the true valuation of the goods which he is called upon to accept as security. Furthermore, he should take into consideration, so far as it is possible to do so, the probable price trend of the collateral during the period which the proposed obligation has to run. It is essential that he have available for consultation the most authoritative reviews of general business and financial conditions and some responsible statistical services from which the market positions of commodities, especially raw materials, can be ascertained or easily worked out. With such information at hand, and a reasonable knowledge of affairs coupled with a modicum of common sense, there is no excuse for any such general misunderstanding of credit conditions as has caused the embarrassment and failure of scores of banks and commercial concerns during the past several months. A careful scrutiny of the collateral submitted by the applying borrower should disclose inflated valuation at once, and enable the banker to scale down the lending value to a point where a sufficient margin exists to allow for any recession which may occur.

It may be contended that in a strongly rising market such precautions can be slighted, or at least that the borrower is warranted in appreciating the valuation of his goods as the demand value for such materials ascends in the open market. It is the writer's judgment that such appreciation should not be utilized to increase the collateral value of the commodity unless it amounts to a considerable proportion of the original worth and is clearly based upon a true disparity between supply and demand which cannot be equalized or substantially cut down within the term of the loan. Even in such instances sudden or marked en-

hancements of values should be examined critically, and in no case should an increase be collateralized for more than a conservative proportion of its amount. The statistical position of the present and determinable future supply should be given due weight, and any discernible elements of weakness in the current and proximate demand should be thoroughly discounted. This does not mean that the commodity banker need be a confirmed pessimist. On the contrary he should view the transactions in which he engages with that confidence which is born of a knowledge of the ground on which he stands, and which is certainly much better insurance against the debtor's default than the extravagant expectations of the speculative lender who assumes, without competent investigation, that unsatisfied demand will continue to force prices up.

OVERVALUATION OF LANDS AND CROPS

A sound conception of values and the validity of price fluctuations is indeed desirable for everyone who has money to lend or spend, and especially so for one who is entrusted with the handling of other people's money. Such knowledge and the ability to apply it intelligently are of paramount importance to the commodity banker, and are almost equally essential to the proper administration of any banking or investment business. The banking history of the Middle West will record 1920 as a year in which the heavy mortgaging of greatly overvalued farm lands was found to be a disastrous policy. Similar discoveries were made concerning crop values. Indeed, it was the collapse of these which brought the real estate speculators to their senses regarding the actual worth of their holdings.

The banker whose customers borrow mainly upon the strength of their business responsibility and the condition of their balance-sheets will likewise do well to familiarize himself as closely as possible with the principal commodities in which his clients deal. By such training he will improve his skill in

interpreting financial statements and particularly in judging of the correctness and conservative evaluation of inventories. The study of commodities may be carried to a very intricate and complex science embracing all the ramifications of production costs and methods, which time would permit only the professional statistician to analyze and correlate. It should in most cases be sufficient for the banker to keep in touch with market prices over a considerable period and to be conversant with the interaction of the demand and supply which determines these quotations, and which will beyond reasonable doubt govern their general movement within a loaning period.

INFLUENCES AFFECTING PRICES

It is self-evident that an inadequate supply of any variety of goods will result in competition between consumers which will force the price upward. Just as soon, however, as the market quotations reach a point which promises a good margin of profit over production and selling costs, there will naturally be a rush of those in a position to make the commodity concerned available for the consumer to take advantage of the situation. Thus production is stimulated until a supply is built up which meets the eager demand. Consumers then, seeing an increasing supply in sight, purchase only for immediate needs and await price recessions. Demand thus weakening, price cutting is commenced by those merchants who are holding stocks which must be liquidated. Prices then fall below the point for which the goods may profitably be produced, and the producers curtail their activities until such a time as the accumulated stocks have been depleted and anxious consumers again bid up the price.

This cycle, as it may be called, occurs in practically every market and usually in sympathy with a general movement. It is sometimes given an erratic twist by some influence endeavoring to check or alter its progress, but its general trend is governed entirely by natural causes; or, if you will, economic law.

These trade movements vary in duration of time and range of fluctuation according to the intensity of the economic stimuli by which they are actuated. Many business men, while recognizing the causes of these changes and their ultimate effects, are prone to accelerate and magnify the ascent of demand, and to defer and retard its decline. They prevail upon the unwary banker to lend them more money against property in which they are trading than its real value warrants; then, should they be caught "high and dry" at the pinnacle of the market, they are usually wont to rail against the banker who is unable to continue to provide unlimited credit so that they may put off the liquidation of an unfortunate transaction.

It is the duty of the banker to guard the funds placed in his custody, and those of his customers whenever possible, against loss through the slump which inevitably follows inflation. It

is therefore incumbent upon him to know enough about the actual conditions in any given market not to be misled by the undue enthusiasm of a borrower, and on the other hand to exercise such restraint over the customer's operations, when these lean toward speculation, as may come within his province. If those who advanced funds against sugar in the Spring of 1920 at twenty to twenty-five cents per pound had had any regard for true values, common prudence would have dictated the folly of such action. A similar assertion might be made with reference to many other commodities and property values pledged to redeem loans. However, if the difficult times through which our commercial organization has passed during the post-war debacle of prices have taught business men in general and bankers in particular the necessity for preserving a true perspective of values in good times and bad, then the lesson learned may well be worth the cost.



Savings as a Means of Helping in the World's Restoration

[From a recent address before the Louisiana Bankers' Association, by D. R. Crissinger, Comptroller of the Currency.]

THE national credit reservoir is still splendidly filled. It is capable of sustaining further drafts, if the streams that flow away from it can be certain of enriching, fructifying, producing—and then returning that which has been withdrawn. That is all we need to make sure that henceforward the withdrawals from it shall be for useful, reproductive, supporting purposes. This is, indeed, true of the whole world, and there is good cheer for us in the fact that the world is realizing the necessity to conserve, to utilize, to save its resources.

If I were to ask one particular service of every banker, every business man, farmer, worker, capitalist—every intelligent person in America—it would be to inculcate the ideals of thrift and prudence and saving. If we would all live on a little less than we earn, and consolidate our savings into a great stock of liquid capital, it would finance a vast and increasingly vaster expansion of production at home and trade abroad. Our help in this regard the whole world distressingly needs. We would not have to meet constant calls for charity—to which as a people we have responded with noble generosity—if we would instead save, and use the capital thus aggregated together, in

putting our transactions on the basis of business instead of charity. The rest of the world would rather buy than beg of us. At the moment it needs our encouragement and help, in order to buy. We can give it that help, if we will save; as we do so, we will be enabling other lands and peoples to resume their own business of producing and saving and paying. This reciprocal effort means a return to legitimate business basis at a faster rate than we can quite realize.

This is a time in which banks have opportunity to render their supreme service to the community. Through them the small surpluses of capital may be drawn together; bits that in themselves would be of no practical use for financing the country's business and yet that, if heaped together in the form of bank deposits, would represent the difference between ample capital and financial shortage; between tight money and easy money; between business depression and business activity. I have seen a good deal of the advertising matter that banks employ, and it has often occurred to me that it makes too little appeal along this line. There never was a better time for banks to engage in educational effort of this kind. Teach the people—all the people—to understand the fundamental character, purpose, aims, services, of the bank. Induce them to keep their money in it. Billions of wasteful expenditure would be avoided every year—I say, and I mean it literally, billions—if everybody entitled to a bank account would maintain it and rely on it. Most of the money that is wasted is "loose money" from the people's pockets. It's almost unbelievable how much less is the chance of wasteful expenditure of "chicken feed" sums, if the spender is under the necessity of drawing a check before he can spend. If we could get all the people to know this, and to realize the satisfaction of saving by the simple expedient of not spending because it's easy to spend, we should have gone a long way toward restoring financial assurance.

The other day my attention was called to a letter written by a government official, that so exactly illustrated my point that I am going to quote it here. The writer said:

I have for many years been pretty well convinced that saving money is largely a matter of habit, and people who make a good beginning at it presently discover that it is by no means impossible, and it is altogether a good thing to do. Just at this juncture in the world's and our country's affairs it is certainly one of the most useful contributions that people could possibly make to putting the world right. I do not believe there is any other way to straighten out the tangle of financial and economic concerns into which the world has been precipitated by the war, than to produce a good deal more than we consume, which means, to save, and by our savings to re-establish the world's stores of working capital. I have no more earnest hope than that the public may take this lesson to heart and learn to save as, in view of our great national good fortune, they could be able to do.

I have not often seen the case for personal saving more cogently put, and therefore I have especial pleasure in telling you who signed that letter. It was a man of whom the people of the South have seen a good deal in recent time; for whom the South has given multiplied testimonies of its affection and confidence; a man who for many years has been the earnest and understanding friend of this great section, and who is to-day particularly anxious to help the South to deal with the problems that are bearing heavily upon it. He is an untiring advocate of a united America; an eloquent spokesman for a unity that shall know no sections, no ancient prejudices, no old animosities; a very evangel for the conviction that such an America, thus unified and glorified and illuminated, shall move unflinchingly forward to the helpful, unselfish and fraternal leadership of the world. Gentlemen, I have read you a letter that was written by my chief, and yours, and our country's—by President Warren G. Harding.

Banking and Commercial Law

SPECIAL

The **BANKERS
MAGAZINE**

SECTION



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President Harding Addressing Congress

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Banking and Commercial Law

Important Decisions of Current Interest Handed Down by State and Federal Courts
Upon Questions of the Law of Banking and Negotiable Instruments

Clause Rendering Note Due on Non-Payment of Interest Does not Affect Negotiability

Commercial Savings Bank v. Schaffer,
Supreme Court of Iowa, 181 N.
W. Rep. 492.

THE promissory note involved in this action contained the following clause: "Should any of the interest or principal not be paid when due, it shall bear interest at the rate of eight per cent. per annum, and a failure to pay any of said interest within thirty days after due shall cause the whole note to become due and collectible at once."

By its terms, the note was due in any event on March 15, 1917.

The question presented was whether the note was negotiable under the provisions of the Negotiable Instruments Law, as adopted in the State of Iowa. It was held that the clause quoted did not render the note non-negotiable.

OPINION

Action on promissory note. Judgment for the plaintiff, and defendant appeals. Affirmed.

FAVILLE, J.—The appellee is a banking corporation doing business in Des Moines. This suit is brought on a promissory note executed by the appellant to the American Silo Company, of Des Moines, Iowa, and transferred to the appellee as collateral security for an indebtedness due from said American Silo Company to the appellee. The defense interposed was that the note was given to the American Silo Company under a contract between the appellant and said company, whereby the said silo company had assigned to the appellant its right to erect silos in accordance with a certain invention

known as the "Playford patent." It was alleged that the said patent was subsequently declared by the United States court to be invalid and of no force and effect, and that the silo company had abandoned the construction of machines under the patent since the date of said decree. It is also alleged by the appellant that previous to the execution of the said contract various false and fraudulent representations had been made to the appellant by the said silo company, and that said note was obtained from the appellant in pursuance of said representations. It is denied that the appellee is an innocent purchaser of the note in suit for value without notice, and it is alleged that said note, by its terms, is non-negotiable. The note in question is in words and figures as follows:

"Des Moines, Iowa, Mch. 15, 1917. No. 542. Due June 15, 1918. \$500.00. June 15, 1918, after date, for value received, I or we promise to pay to the order of American Silo Co., of Des Moines, Iowa, five hundred and no/100 dollars, in gold coin of the United States of America, of or equal to the present standard value, at Commercial Savings Bank of Des Moines, Iowa, with interest at eight per cent. per annum from date payable annually.

"Should any of the interest or principal not be paid when due, it shall bear interest at the rate of eight per cent. per annum, and a failure to pay any of said interest within thirty days after due shall cause the whole note to become due and collectible at once. It is also stipulated that, should the collection of this note be enforced by law or be collected through an attorney without suit, a reasonable amount shall be paid or allowed as attorney's fees, and taxed with the costs in this cause. We further agree that in any suit to collect this note any justice of the peace may have jurisdiction to the

amount of \$300.00. Indorsers and guarantors waive demand of payment, protest and notice of non-payment and also agree to an extension of time on this note without notice.

"L. J. Schaffer.

"P. O. Address, Princeton, Iowa."

But two questions are presented for our consideration, which are as follows:

First, is the note in suit a non-negotiable instrument, as claimed by the appellant, for the reason that the sum payable is not certain under the terms of the negotiable instrument statute of Iowa? Second, if the note is negotiable, is the appellee a holder thereof in due course?

In respect to the alleged non-negotiability of the note set out, the precise question urged by the appellant is that the note is rendered non-negotiable because of the provision therein that "a failure to pay any of said interest within thirty days after due shall cause the whole note to become due and collectible at once." Section 3060a2, Code Supplement 1913, being a portion of the so-called Uniform Negotiable Instruments Law, provides:

"The sum payable is a sum certain within the meaning of this act although it is to be paid: . . . 3. By stated instalments, with a provision that upon default in payment of any instalment, the whole shall become due."

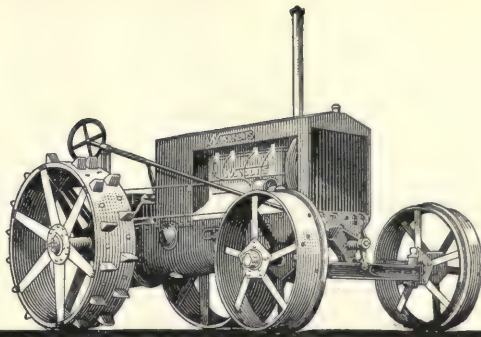
Appellant concedes that, if this note was payable in instalments and had provided that a "failure to pay any of said instalments within thirty days after due shall cause the whole note to become due and collectible at once," the sum would be certain, and the note would be a negotiable instrument under the terms of the statute. But it is appellant's contention that the note in this respect refers to "interest" instead of "instalments," and that this insertion in the note renders it non-negotiable. It is argued by the appellant that the uniform negotiable instruments statute, which was adopted generally in the various states of the Union, was designed to make uniform throughout the coun-

try the law of negotiable instruments. The statute, however, was not adopted in identical language in all of the states. It is argued that the states of Iowa, Idaho, North Carolina, and Wyoming, in adopting the uniform negotiable instruments statute, omitted therefrom the words "or of interest," and did so advisedly. It is contended that the insertion of such clause not being included within the act renders the note non-negotiable.

It must be admitted that by its terms this clause of the note does not bring it within the language of the section of the statute quoted. "Instalments" and "interest" are two entirely separate and distinct things. The real question is whether or not this note is non-negotiable because it contains the provision in respect to the failure to pay interest accelerating the due date of the note. It is argued by appellant that, because the Iowa Legislature omitted the words "or of interest" in enacting the uniform negotiable instruments statute, it was the purpose and intention of the Legislature that instruments that did contain such a clause should be non-negotiable.

There would be more force in this position of counsel if the Negotiable Instruments Law in force in the majority of the states of the Union had in fact been previously enacted in Iowa, and had thereafter been amended; in other words, the intent of the Legislature in a matter of this kind may more readily be determined by an amendment to existing laws than it is by the failure to enact a proposed statute in the exact terms in which it may be adopted by some other state or states. If the statutes of Iowa had contained such a provision as is contained in the Negotiable Instruments Law in some of the other states, and our Legislature had by amendment stricken the clause from the statute, then we would be in a different position to inquire as to the purpose and intent of the Legislature in making such an amendment.

Our real inquiry is, however: Does the provision referred to in this note render it non-negotiable? Section



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3060a196 is a section of the same statute and provides:

"In any case not provided for in act, the rules of the law merchant shall govern."

The note in the instant case comes squarely within this latter provision of the statute. The act itself is entirely silent on the effect of the insertion in a note of a clause like the one under consideration. It can with much force be argued that as a matter of logic there is no good reason why, if a note is negotiable which provides that the entire note shall become due upon the failure to pay an instalment thereof, a note would not also be negotiable that provides that it should become due upon the failure to pay interest thereon. But, the cause not being included within the statute in terms, we are compelled to find whether under the rules of the law merchant the insertion of such a clause renders the instrument non-negotiable. We think the decisions are substantially in accord on the proposition that such an instrument is negotiable.

In *Bank v. Arthur*, 163 Iowa 205, 143 N. W. 556, Ann. Cas. 1916C, 498, we had under consideration a note and mortgage, the latter containing stipulations regarding the payment of taxes, committing waste, providing insurance, and similar matters. It also contained this clause:

"A failure to comply with any of the agreements hereof (including warranty of title) causes the whole debt to at once become due and collectible, if said second party or assigns so elect."

We said:

"As the provisions of the mortgage in the case at bar did not render the amount payable on the note uncertain, the note cannot be denounced as non-negotiable on this ground. Nor did the clause give the mortgagee on breach of certain conditions the election to declare the entire indebtedness due. Under the Negotiable Instruments Act, an instrument, to be negotiable, 'must be payable on demand, or at a fixed or determinable future time.' Section

30601a, Code Supp. This note was payable 'on the 6th day of October, 1910.' It was certain that the time would arrive when the note would be payable, and the circumstances that it might become payable before that time upon the default of the maker in certain respects at the option of the payee or holder did not affect its negotiability.

In the instant case the note, by its terms, was payable June 15, 1918, and, as declared in the *Arthur Case*:

"It was certain that the time would arrive when the note would be payable, and the circumstances that it might become payable before that time upon the default of the maker in certain respects at the option of the payee or holder did not affect its negotiability."

The *Arthur Case* was approved in *Lundean v. Hamilton*, 184 Iowa 907, 169 N. W. 208, as to this question.

The rule announced in these cases is determinative of the question in the instant case. We hold that the clause in the note in question providing that "a failure to pay any of said interest within thirty days after due shall cause the whole note to become due and collectible at once" did not render the note non-negotiable.

The appellant contends that the appellee is not a holder of said note in due course. The testimony disclosed that on April 1, 1917, the American Silo Company, through its proper officer, borrowed \$3,500 of the appellee bank and executed its note therefor, which was due March 1, 1918. At the time said note was given, the maker of said note secured the appellee therefor by a deposit of collateral securities, and among the notes so deposited as collateral was the note in suit in this cause. When the said \$3,500 note of the silo company to the appellee bank became due, on or about March 1, 1918, the note was renewed by the execution of a new note for a like amount, and the collateral deposited when the original note was made continued to be held by the appellee, as collateral to the debt. The old note originally given for the indebtedness was at said time delivered

to the maker thereof. No other change in the situation took place.

It is the claim of the appellant that at the time of the renewal of this note by the appellee conditions had developed which charged the appellee with notice that the appellant's note, which appellee held as collateral, was subject to equities, and particularly that there had then been a failure of consideration for the execution of the same. The legal question involved is whether or not the renewal of the original note, without disturbing the securities, so changes the status of the parties as to make defenses to the collateral paper available, if at that time the holder of the collateral has notice of such defenses. The determination of this question involves a consideration of the character of the contract between the parties.

When the silo company borrowed the \$3,500 from the appellee and gave its note therefor, it deposited with the appellee the note in suit as collateral to the original indebtedness evidenced by the note of \$3,500 which it then gave. The collateral was pledged to secure the indebtedness which the silo company owed to the appellee. That indebtedness was evidenced by a promissory note. When said note became due, the evidence of the indebtedness was changed by the surrender of the old note and the execution of a new one, but there was no change whatever in the indebtedness. If the new note had been accepted in payment of the old note, or if a change had been made in the debt, as by increasing the amount thereof, then we would have had an entirely different proposition. It is the rule that, where the note is given merely in renewal, and not in payment, the renewal does not extinguish the original debt or in any way change it, except by postponing the time of payment, and that the relation of the parties as to securities is not changed.

In *Holland Trust Co. v. Waddell*, 75 Hun. 104, 26 N. Y. Supp. 980, the court declared:

"The principle is too well settled to need the citation of authorities that the

renewing of notes from time to time in no way extinguishes the original debt. It is simply an extension of the time of payment, and a change as to the evidence of the debt, and all collaterals pledged for the payment would remain as security, notwithstanding the extension of the time of payment."

In *First National Bank of Iowa City v. McGrath*, 111 Miss. 872, 72 South. 701, where the suit was on a collateral note, the Supreme Court of Mississippi says:

"The fact that the original note of the Puritan Manufacturing Company to the Bank of Iowa City has been renewed several times does not in any way alter the position of the bank with reference to being a bona fide holder or purchaser for value of the note here sued on. 7 Cyc. 877 and 879; *Mix v. Bank*, 91 Ill. 20, 33 Am. Rep. 44; *Cansler v. Sallis et al.*, 54 Miss. 446."

The rule as announced appears to us to be sound in reason and supported by authority. In the instant case the undisputed testimony shows that the original note was merely renewed. No change whatever was made in the relation of the parties, and the original indebtedness remained the same. The note in question was given as collateral to secure said indebtedness, and, being free from equities in the hands of the appellee as a holder in due course when originally pledged, would not be subject to equities by the mere giving of a new note to evidence the original indebtedness when no new contract was made and the position of the parties remain unchanged.

It is admitted that at the time of the original pledging of the note in suit as collateral security there were no equities available to the maker. It is claimed that at the time of the renewal of the original note there had been a failure of the consideration for which the appellant's note was given, and that the bank had knowledge of such failure of consideration at the time of said renewal of the original note. As we have before pointed out, even if this were true, it would not affect the right of the

appellee bank as a bona fide holder of said note, the renewal not being intended in any way, under the evidence, to change the original indebtedness which the note in suit was pledged to secure.

In any event the trial court heard the evidence on the question of whether or not the appellee had notice at any time of said alleged defenses and held that under the evidence the appellee was a holder in due course. The cause was tried to the court without the intervention of the jury, and this finding of the trial court has the force and effect of a verdict of a jury, and we cannot interfere therewith. A careful examination of the entire evidence in the case convinces us that the conclusion reached by the trial court upon the facts was correct.

The judgment of the lower court is affirmed.



Validity of Chattel Mortgage

Iowa Savings Bank v. Graham, Supreme Court of Iowa, 181 N. W. Rep. 771.

A chattel mortgage described the mortgaged property as "One five passenger Ford touring car No. 61913, yellow wheels and cherry body 1914 model." The mortgage recited the county in which the mortgagor resided but did not set forth in what part of the county he had his residence nor state where the mortgaged automobile was located. It was held that the description of the mortgaged property was sufficient to sustain the validity of the mortgage. The rule in this regard is that the description in a chattel mortgage is sufficient if it will enable interested parties, aided by inquiries, which the instrument itself indicates and suggests, to identify the property. It was also held here that the mortgage was not rendered invalid by the fact that it incorrectly recited the date of the note, which it was given to secure.

OPINION

Appeal from District Court, Johnson County; R. G. Popham, Judge.

Action in equity to determine the priority of liens. There was a decree in the court below in favor of plaintiff, and the defendant Bell appeals. Reversed.

STEVENS, J. Plaintiff, the Iowa Savings Bank, appellee herein, on November 11, 1919, obtained a judgment against the defendant C. C. Graham in the district court of Washington County, Iowa. At the time of the commencement of action in Washington county against Graham, a writ of attachment was sued out and levied upon a Ford touring car, described as a 1914 model, bearing license No. 38695, Iowa, and engine No. 61913 as the property of the defendant Graham. The court, at the time the judgment was entered, awarded execution for the sale of the automobile, and on December 29, 1919, the sheriff of Washington county advertised the same for sale, fixing the 31st day of January, 1920, therefor. On January 29, 1920, the defendant Ross Bell caused a written notice, reciting that he held a chattel mortgage upon said property executed October 18, 1918, and duly recorded in the office of the county recorder of Iowa county on the following day, to be served upon the sheriff in possession of said automobile. Shortly after the service of this notice, a stipulation was entered into between plaintiff, Graham and Ross, agreeing that the sale should be adjourned, that the automobile should remain in the possession of the sheriff, and to submit their respective claims to the district court of Johnson county, Iowa, for decision in accordance with section 3988 of the Supplement to the Code. In due time, plaintiff filed a petition in equity, setting up the facts already stated, and asking that the lien of its judgment be declared superior and paramount to the claimed mortgage lien of appellant Ross. Ross filed answer, and a trial followed upon the issues joined, resulting as stated. The record does not disclose the form or date of the obligation upon which plaintiff obtained judgment against defendant Graham, but the mortgage in question was executed on

October 18, 1918, which was after action was commenced against Graham in Washington county.

The validity of appellant's mortgage is assailed by appellee upon three grounds: (a) That the description of the property mortgaged is insufficient for the record to impart constructive notice; (b) that same was not recorded in the county in which the holder of the property resided; and (c) that the note offered in evidence bears date July 31, 1918, whereas the date of the note described in the mortgage is given as October 18, 1918.

The chattel mortgage recites that C. C. Graham, the mortgagor, is a resident of Iowa county, but does not designate in what part of the county he resides. The mortgage described the property as follows:

"One five passenger Ford touring car No. 61913, yellow wheels and cherry body 1914 model."

The settled rule in this state is that the description in a chattel mortgage is sufficient if it will enable third persons, aided by inquiries, which the instrument itself indicates and suggests, to identify property. Had the mortgage in the case before us stated the residence, ownership, and location of the automobile, the description would have been complete in every respect. These elements would have aided materially in locating the automobile, but they are not indispensable to a valid description. If the description is otherwise sufficient to enable third parties to identify the property thereby, or by such inquiries as the instrument itself suggests, it is all that is required for the record to impart constructive notice. According to the testimony, the number appearing on the engine, and given in the mortgage, would not appear upon any other five-passenger Ford touring car, and therefore the means of identifying the mortgaged property was complete. It is true that it might be difficult for an officer seeking to levy a writ of attachment to locate the automobile without more definite information than was given in the mortgage, but he was

bound to know the number of the automobile appearing on the mortgage, and could easily determine whether the car levied on contained that number.

It is suggested by counsel for appellee that one seeking to identify the mortgaged property could not tell whether the designated number related to the number of the engine or to the license number. This suggestion is without persuasive force. The number stated in the mortgage purports to be the number of the car, and not the license number. It is conceded that the automobile in question is the property of the defendant Graham, and that it bears the engine number given in the mortgage. The mortgage description was certainly sufficient to impart constructive notice.

But it is also urged by counsel for appellee that the mortgagor was a resident of Washington county, and that the automobile was kept in said county, and therefore the record of the mortgage in Iowa county did not give constructive notice to plaintiff. There is some dispute in the evidence as to whether Graham resided in Iowa county or in Wellman, Washington county. He is married, but does not reside with his family. He sold the business formerly conducted by him in Wellman prior to the date of the chattel mortgage. The evidence, although conflicting, we think, fairly shows that he resided and kept the property in Iowa county, and therefore it was properly recorded therein.

The failure of the mortgage to correctly state the date of the note is not necessarily fatal. The error was evidently that of the scrivener who prepared the instrument. The evidence without dispute shows that Graham was indebted to Ross in the sum of \$400, for which he gave him a note on July 31, at the same time agreeing to later execute a chattel mortgage upon the automobile to secure the payment thereof. The mortgage in question was no doubt executed in pursuance of this agreement. The amount of the note is correctly given, and the mortgage is not invalid merely because the date of the

note evidencing a valid indebtedness was incorrectly stated therein.

It follows that the court should have decreed the lien of the chattel mortgage superior and paramount to that of plaintiff and the judgment of the court below is reversed.



Indorser Entitled to Notice of Dishonor

Crane v. Downs, Supreme Court of Kansas,
196 Pac. Rep. 600.

A stockholder in a corporation indorsed his name without qualification on the back of a note drawn by the corporation and payable to its own order. The note was negotiated for the purpose of raising money for the use of the corporation. When the note matured, it was not presented to the corporation for payment and no notice of dishonor was given to the indorser. It was held that, although he indorsed for accommodation, his liability was that of indorser and he was entitled to notice of dishonor. Failure to give him such notice discharged him from liability on the note.

OPINION

Action by W. S. Crane (substituted as plaintiff for the Cunningham National Bank) against J. H. Downs, revived on the death of defendant in the name of Nellie G. Downs, administratrix, and another. From judgment for plaintiff, defendants appeal. Reversed and rendered.

MARSHALL, J. The plaintiff recovered judgment on two promissory notes. The defendants appeal.

The action was tried without a jury, and the court made special findings of fact and conclusions of law, as follows:

"Findings of Fact.

"(1) The two notes sued on in this case were in the same form except one was for \$2,400 and the other for \$2,500. Both were indorsed in the same way,

by the same persons. The note for \$2,500, together with indorsements, was as follows:

" '\$2,500,

St. Louis, Mo., Oct. 20, 1913.

" 'Four months after date we promise to pay to the order of ourselves twenty-five hundred dollars for value received negotiable, and payable without defalcation or discount, and with interest from date at the rate of 6 per cent. per annum.

" 'Orah Land & Mining Co.,

" 'By James K. Cochran, President.

" 'Attest: Orah D. Ridgely, Sec.'

"Indorsed as follows: 'Orah Land and Mining Co., by James K. Cochran, President. Attest: Orah D. Ridgely, Sec. James K. Cochran. Orah D. Ridgely. J. T. Long. J. H. Downs.'

"The notes were both executed in the state of Missouri. The Orah Land & Mining Company was a Missouri corporation. Both of the notes were signed and indorsements made before they were negotiated.

"(2) After being signed and indorsed the notes were delivered by the managing officers of the Orah Land & Mining Company to one C. D. Rodgers, of Mexico, Mo., for the purpose of having the same negotiated by him to raise money for the company. Rodgers made arrangements with W. S. Crane, of Carthage, Mo., the plaintiff in this action, to borrow money from the Cunningham National Bank of Joplin, Mo., and both Rodgers and Crane signed a note for \$5,000 payable to the bank; Rodgers turning over the notes sued on to Crane to hold as collateral security.

"(3) The plaintiff, Crane, afterwards paid the note at the Cunningham National Bank personally and has never collected anything on the notes sued on, either principal or interest.

"(4) Four thousand five hundred dollars of the proceeds of the \$5,000 note given by Rodgers and Crane to the Cunningham National Bank was used to purchase land for the Orah Land & Mining Company, the balance of the

\$5,000 being the commission to Rodgers and the discount on the \$5,000 note.

"(5) The Orah Land & Mining Company at the time of the issue of the notes in question did not have sufficient commercial credit to enable it to float its notes without the indorsement of other persons, and was practically insolvent at the time of the negotiation of the notes in question, and was in the same condition at the maturity of the notes, which facts were known by J. H. Downs at the time he indorsed the company's notes and at the time of their maturity.

"(6) Rodgers and Crane when they took the notes in question lent the money on the strength of the personal indorsement of J. H. Downs on said notes.

"(7) J. H. Downs at the time he indorsed said notes was a large stockholder in the Orah Land & Mining Company, and was an officer and director of the corporation.

"(8) No presentment for payment was made of said notes to the makers or indorsers and no notice of dishonor was given to Downs.

"(9) The Negotiable Instruments Law of Missouri in effect at the time of the issuance and negotiation of said notes was the same as that of Kansas with reference to liability of indorsers, presentment for payment, and notice of dishonor to indorsers.

"(10) J. H. Downs signed the notes in suit for his own accommodation and had no reason to expect that the notes would be paid by the Orah Land & Mining Company if presented for payment.

"Conclusions of Law.

"J. H. Downs was liable as a maker of said notes, and the plaintiff was not required to present the notes to him for payment or to give him notice of dishonor, etc.

"The plaintiff is entitled to judgment for the face of the notes and interest, and for the costs of this action, and to have the land attached in this action sold to pay said judgment."

What was the nature of the liability of Downs? The court concluded that

he was liable as a maker of the notes. To support that conclusion, it may be argued that, because Downs was a stockholder in the Orah Land & Mining Company, he derived a benefit from that received by the corporation in the execution of the notes. Other than this argument there is nothing to support the conclusion that Downs was liable as a maker of the notes, and the argument is not good. This language is found in 14 C. J. 856:

"A member or stockholder may deal or contract with the corporation in the same manner as any other individual, and in so doing he acquires the same rights and incurs the same liabilities as any stranger would."

See, also, *Morbach & Mining Co.*, 53 Kan. 731, 739, 37 Pac. 122; 14 C. J. 56; 1 Cook on Corporations (7th Ed.) section 11.

Downs was also an officer and a director in the Orah Land & Mining Company, but his liability is fixed by the Negotiable Instruments Law, and is not in any way controlled nor modified by the law of corporations. Downs was an indorser and was liable as such. He may have been an accommodation indorser, but he was not one for his own accommodation. Therefore notice to him of the dishonor of the note was necessary.

The notes are Missouri contracts, and are governed by the laws of Missouri. *Briggs v. Latham*, 36 Kan. 255, 13 Pac. 393, 59 Am. Rep. 546; *Loan Co. v. Solomon*, 71 Kan. 185, 186, 79 Pac. 1077.

The Missouri Negotiable Instruments Law was pleaded and introduced in evidence. The pertinent sections are as follows:

"Where the language of the instrument is ambiguous, or * * * where a signature is so placed upon the instrument that it is not clear in what capacity the person making the same intended to sign, he is to be deemed an indorser." R. S. Mo. 1909, section 9988.

"An accommodation party is one who has signed the instrument as a maker,

drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder at the time of taking the instrument knew him to be only an accommodation party." R. S. Mo. 1909, section 10000.

"A person placing his signature upon an instrument otherwise than as maker, drawer or acceptor is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity." R. S. Mo. 1909, section 10033.

"Presentment for payment is not required in order to charge an indorser where the instrument was made or accepted for his accommodation and he has no reason to expect that the instrument will be paid if presented." R. S. Mo. 1909, section 10050.

"Except as herein otherwise provided, when a negotiable instrument has been dishonored by nonacceptance or nonpayment, notice of dishonor must be given to the drawer and to each indorser, and any drawer or indorser to whom such notice is not given is discharged." R. S. Mo. 1909, section 10059.

"Notice of dishonor may be waived, either before the time of giving notice has arrived, or after the omission to give due notice, and the waiver may be express or implied." R. S. Mo. 1909, section 10079.

"Notice of dishonor is not required to be given to an indorser in either of the following cases: (1) Where the drawee is a fictitious person or a person not having capacity to contract, and the indorser was aware of the fact at the time he indorsed the instrument; (2) where the indorser is the person to whom the instrument is presented for payment; (3) where the instrument was made or accepted for his accommodation." R. S. Mo. 1909, section 10085.

The Negotiable Instruments Law of Kansas is the same as that of Missouri.

This case is controlled by *Auto Co. v. Winters*, 277 Mo. 425, 210 S. W. 1.

There C. F. Winters signed a note and W. B. Strang signed it on the back without any words of explanation. The syllabus, which correctly states the conclusions reached by that court reads:

"(1) Under the Negotiable Instruments Law (section 10033 R. S. 1909) a person who places his name upon the back of a negotiable note is deemed to be an indorser, unless he clearly indicates by appropriate words his intention to be bound in some other capacity.

"(2) And the words of the statute 'unless he clearly indicates by appropriate words his intention to be bound in some other capacity' mean words written on the instrument itself, and hence the legal effect of a blank indorsement cannot be changed or varied by parol evidence or from any other source.

"(3) If the note sued on is set out in full in the petition and shows that the name of one of the defendants appears on the back thereof, it shows him to be an indorser and to be sued as such, and this setting forth of the note corrects any misrecitation in a prior paragraph of the petition that said defendant was a comaker.

"(4) Unless an indorser comes within the exceptions mentioned in the statute (sections 10050 and 10085, R. S. 1909), notice of dishonor by nonpayment or presentment for payment must be made, or he will be discharged.

"(5) If the indorser of a negotiable note is the party accommodated by making the instrument, he is not entitled to notice as provided by section 10085, nor is it necessary under section 10050 to show presentment unless he had no reason to expect the note would be paid when presented. But 'the party accommodated' is the one for whose convenience the paper was made, and that usually means the maker or drawer, and not the indorser.

"(6) Section 10050 says that 'presentment for payment is not required in order to charge an indorser where the instrument was made or accepted for his accommodation,' and section 10085 says that 'notice of dishonor is not required to be given to an indorser

where the instrument was made or accepted for his accommodation.' Held, that the word 'accommodation' means a convenience, favor, or benefit, or an arrangement or engagement made as a favor to another, not upon a consideration received, and 'the party accommodated' is the one for whose convenience the paper is made. The accommodation

party is the one who signs the note for the purpose of 'lending his name to some other person,' and the other person is necessarily the accommodated party."

The judgment is reversed and judgment is rendered in favor of the defendants.



Why the Banker Should Consult the Engineer

By Ralph G. Macy

[In this article the author points out the various ways in which the engineer may be of service to the banker in protecting the latter's loans to industrial enterprises.—*The Editor.*]

THE relation between the banker and the engineer at the present time is an interesting study. The bankers of this country have requests for innumerable loans based on projects involving engineering, which they would gladly grant had they the technical knowledge to be sure of their ground. The successful engineer of today has not only this technical knowledge but business ability in handling projects involving engineering, which he realizes are of value and which he is endeavoring to market by placing them at the disposal of the banker and investor. They have many things in common, and a closer acquaintance would be of mutual benefit.

Perhaps it is wise to define the term "engineer." In this article it is applied to technically trained men whose experience has been in the industrial and manufacturing fields, and whose income is derived from the handling of projects involving manufacturing, management and engineering. In other words, the term "engineer" is used in a broad sense.

A rough idea of the amount of capitalization of those industries in which engineering is directly involved, can be appreciated by the capitalization of the public utilities and manufacturing interests alone. In this country, the capitalization of public utilities is \$4,058,000,000 and of manufacturing interests \$28,170,000,000. There is also a further large capitalization impossible to ascertain with any degree of accuracy of enterprises involving technical knowledge and executive engineering. A great part of the investment made in these projects is handled by the banker who seldom seems to realize the necessity of this knowledge with regard to investments of this kind. Some of the larger banks, however, seem to appreciate this point and maintain an engineering department. The lack of appreciation, by the banker, of the importance of engineering judgment is particularly true with regard to innumerable applications for relatively small amounts of money for projects involving engineering, that are now being made. The recognition of the importance of the engineer's judgment as applied to these industries will increase in the coming years, due to the application of technical knowledge to an ever-increasing number of industrial projects.

Daily in all parts of the country, the banker is receiving requests for loans for manufacturing purposes, industrial building projects and for the development of innumerable new lines of business involving engineering. He does not hesitate to call in the bank's attorney, should there be the slightest need of legal advice in investigating the applicant's request for money, but seldom thinks of calling in the engineer to ascertain if the proposition is technically sound and if the figures which are submitted represent true values from the engineer's viewpoint.

LOANS FOR MANUFACTURING PURPOSES

With regard to a loan for manufacturing purposes, the following example is used to illustrate the point:

A manufacturer of a certain article applies to a bank for a loan to carry on his business. The statement submitted to the banker is usually compiled by an accountant who takes the figures from the manufacturer's books with regard to the valuation of factory and equipment, as well as the cost of the production of the article. The statement, containing these figures, is submitted in good faith by the manufacturer to the banker, whose decision, with regard to the loan, is many times formed by this statement, and his knowledge of the manufacturer.

If a competent engineer were called in by the bank to investigate this factory and cost of production, he could render a report stating the present actual value of the building and equipment, its possible increase or decrease, as to whether the machinery is in condition to manufacture the article in the coming period as it had in the past period from which the unit cost of production of the article was derived, without a big outlay for repairs and renewals, also whether the power generating and transmission machinery is in condition to render constant service without further outlay and whether the building would shortly need an outlay for repairs and whether it conformed to various building and fire regulations.

He could also state in his report whether the cost of production of the article manufactured was as stated or whether the unit cost was too low, due to an error in not adding to each unit cost the correct amount for depreciation of building, equipment and machinery—the condition of the raw material market—and many other valuable facts which the banker should have in deciding the advisability and the amount of the loan.

In some cases, this data is furnished in good faith by the manufacturer's plant engineers who, while familiar in detail with the equipment and manufacturing costs of their individual plants, are not in the position of the engineer who has a knowledge of various plants, to draw from and who, therefore, can render a report on this particular plant of far greater value.

In the purchase or sale of a manufacturing plant, the same points relative to building, machinery, manufacturing costs, etc., should be reported on by a competent engineer and the value, as obtained by a correct appraisal, is well worth the engineer's fee. In fact, in cases of this kind, technical knowledge should be obtained in the same way as legal talent is used to show a clear title and an expert accountant is used to obtain a correct statement.

The lack of this technical advice has very often been responsible for the loaning of large sums of money by the banker and investor for manufacturing purposes, where an investigation by a competent engineer would show the inadvisability of making a loan of this kind, due to the future condition of the market for that particular product, the difficulty of obtaining the raw material in the near future, and many other points which would not show on the statement submitted to the banker by the manufacturer when requesting a loan.

LOANS FOR NEW MANUFACTURING PROJECTS

If it is a question for loaning money for a new manufacturing enterprise, the strictest care should be used by the

financier in supplying the money, to see that every dollar which is expended for plant construction and for plant equipment, be spent in such a way that when the plant is completed, it will produce the maximum quantity of the article desired at a minimum cost. This usually implies the following:

That the plant site is chosen with care with regard to the raw material market and that the plant is correctly designed and is constructed with the greatest economy.

If the buildings are purchased, they should be valued by one who sees their adaptability for the manufacturing of that certain article and not by one who merely sees them as buildings costing so much money to produce.

That the machinery installed in this plant is adapted in every way to the service it is called upon to perform and that this machinery is purchased under correct specifications and at a minimum figure.

That the power generating and transmission equipment installed is correctly designed to perform its function at absolutely the minimum cost and that it is of sufficient capacity to insure the reliable operation of the factory.

That the sequence of manufacturing operations be such as to eliminate lost motion and unnecessary labor.

That all waste be eliminated, particularly with regard to power, labor and overhead.

Too often, a decision with regard to these points is made by a business man, when this decision should be made by an engineer. The financier should see that every dollar of his money, invested in a proposition of this kind, is spent by men who are technically trained and whose life work it is to know intimately these points. They are points that an engineer meets daily in the manufacturing of widely different articles. This gives a value to his decision on matters of this kind that the men who are connected with a particular organization cannot have.

LOANS FOR ENTERPRISES INVOLVING ENGINEERING

With regard to the investment of money in a new enterprise, the highest kind of engineering judgment is, in many cases, absolutely essential, although many times completely overlooked by the banker and investor—and this oversight has caused many severe losses. A man who has what he believes to be an article of value, for which he requires money to manufacture, or a project involving engineering in any way, presents his case to a banker or investor who endeavors to ascertain if the article is worth manufacturing or the project will deliver a good return on the investment, by applying knowledge he has derived from business experience. What really is needed, in cases of this kind, is a specific technical knowledge and engineering judgment. A man submitting a proposition of this kind, for which he is seeking money, is usually an incorrigible optimist, where his particular idea is concerned, and the knowledge and judgment of the engineer, when brought to bear on a proposition of this kind, is generally many times more valuable than that of the business man.

Again, an engineer may see certain points of value that have not impressed the banker or investor, due to their non-technical mind, and can show how, by certain changes, the article or idea becomes of real commercial value when handled in a certain way. The recognition of this fact is one of the reasons why the financier, in late years, has placed the management of certain enterprises in the hands of engineers, instead of business men.

The banker and investor do not seem to realize that a huge proportion of the money which they control is being invested in new enterprises which depend upon modern technical knowledge or experience for their success or failure. The application of science to new commercial enterprises has had a far greater range than the financier realizes.

MANAGEMENT

Recognition of the need of the engineer in the management field is shown by the forming of companies by prominent engineers, for the management of large industrial concerns which are in difficulty, due to various causes, and the employment of engineers, in a managing capacity, by the financial interests that have their money invested in the enterprises, shows their appreciation of this fact. These industrial enterprises have many important points of a technical nature, which call for a decision based on technical knowledge and a correct decision on these points is largely responsible for the success or failure of the enterprise. It is, however, only of late years that the importance of these technical points has been recognized by the financier and given the correct emphasis. In this kind of work, the engineer is called upon to handle industries that present many different kinds of problems, both technical and commercial, and many of the most important problems are those in which the technical points and business policies are interdependent. A decision required on a proposition of this kind, should not be made by a man who sees it only from the business side. However, it has been the usual procedure to place the business man in a position where he must make decisions relative to points of this character and it has very often been the cause of the failure of that particular enterprise.

Further, should an engineer be requested to manage a concern which manufactures a certain article, with plants in the South, Middle West, and in New England, he has at his disposal, data to use which covers not only the labor conditions in that particular industry, but the labor conditions in other industries in those localities, due to other clients in these other industries, and is, therefore, in an excellent position to make a decision on the labor question. The same point could be made with regard to the raw material market. Again, if the plants are manufacturing a product made up of various

parts, and they required some part which had to be incorporated with it to produce a finished article, and which it was not advisable for them to manufacture, here again the engineer is in a particularly advantageous position to state what plants could make this article reliably and cheaply, due to his knowledge of manufacturing conditions.

The business man connected with a manufacturing project is usually in touch with purely local conditions and if he has a knowledge of conditions at some distant point, it is usually a general one and not the definite knowledge that the engineer acquires due to the various parts of the country in which his clients are located.

In the detection of the innumerable leaks that waste the resources of many industries, the engineer is especially well qualified, due to his mental training, which tends to develop, to its fullest extent, the analytical faculty. This habit of thought, which is applied to mechanical and engineering problems during the years of his early training, is later applied to all those problems which are submitted to him, through the solution of which he derives his income.

BUSINESS ABILITY OF THE ENGINEER

The idea so prevalent a comparatively few years ago that the engineer had very little business ability, has undergone a considerable change.

The business ability of the engineer is now recognized by financial interests. The engineer, who is put in charge of the management of an industrial enterprise, has to make important decisions of a business nature. The fact that an engineer is put in this position shows the confidence in his ability, along these lines, by the financier. This confidence is not misplaced, as in making a decision on a business matter pertaining to an industrial enterprise, which he is managing, he has at his disposal to assist him, an intimate knowledge of the details of the technical side that the man, with the purely business training, can never hope to acquire, and so he is better qualified.

A point, very often overlooked, is

that while the business man seldom acquires engineering knowledge, the successful engineer of to-day is a very competent business man.

Further, you have large concerns formed primarily for the purpose of engineering, now forming separate departments for the investigation of commercial projects involving engineering in which, upon favorable report, they are investing money. These concerns are usually in close relation to the banking interests and have demonstrated to the banker the strength of a combination of banker and investor.

FUTURE POSITION OF THE ENGINEER

The elevation of James Hartness, William McAdoo, Herbert Hoover, and many other engineers into positions of prominence, show the value of engineering training when it is applied to "business." Many engineers, accenting the professional side, have been more or less diffident in stating the value of their particular qualifications.

In the coming years, only those in-

dustries can be successful in which the capital invested brings the greatest return, and in order to accomplish this, the banker and the men who invest money in these industries, must turn more frequently to the engineer. The application of science to industries is increasing rapidly and with this increase comes a demand for technical knowledge in the handling of these enterprises. In the development of industrial projects, water power development, irrigation, lumber, mining, etc., the forming of combinations of large manufacturing interests, the importance of the opinion of the engineer is becoming recognized by the financier.

It is, therefore, a safe prediction that, when handling the industrial problems involving engineering, the banker and investor will find it advisable in the future, to call more frequently for the opinion than he has in the past. The banker and engineer should become better acquainted, for they have many things in common, not the least of which are development and progress.



Uncle Sam as Patron of Good Roads

By Thos. H. MacDonald

Chief, Bureau of Public Roads, U. S. Department of Agriculture

THE average person visualizes the United States department of agriculture as a great government institution, the business of which is to assist the farmer in the solution of the many problems incident to the planting, cultivating, and harvesting of crops, the care of live stock, and the eradication of the pests that destroy the fruits of farm labor. Perhaps he will remember that the same benevolent institution also inspects and passes upon the purity of the foods that come to his table. But how many people know that the same department through one of its bureaus is also the fountain-head

from which has sprung much of the scientific knowledge that enters into the construction of the broad, smooth highways which are rapidly replacing the mud roads of our childhood recollections? How many know of the more tangible contribution of hundreds of millions of dollars granted through this department for the construction of modern highways in every one of the 48 states? How many know that the actual expenditure for highway construction supervised by this one bureau of the department of agriculture will be far greater than the cost of the Panama Canal? Very few, perhaps, of the

hundred million people who are benefited by these activities of the department, know even of the existence of the bureau of public roads, which is responsible for them.

IMPORTANT TO BANKERS

Bankers, especially, should know how this bureau is organized and what it does. The improvements that it has



The modern vehicle must have modern roads

been so instrumental in promoting directly affect land values, which are of immediate concern to financiers. While the general level of farm land prices has risen, of course, in the last ten or fifteen years due to a number of causes, I think no banker familiar with rural conditions will fail to realize the importance of road improvement as a contributing factor. It is noticeable that, where good roads have been lacking, prices have lagged. All this bespeaks a community of interest between the bureau of public roads and the banker, and I am the more pleased to have an opportunity of telling about the bureau's work.

It is hardly necessary to refer to the very large part played by financial institutions in raising the millions of dollars necessary for road building. At the present time bond issues amounting to no less than \$600,000,000 have been authorized by the states and counties. Because bankers either float such bond issues themselves or their patrons subscribe to them, it is of direct interest to the bankers that the work on the highways involved be done properly. Federal participation in such projects is

evidence, reinforcing such evidence as local and state authorities may supply, that the work will be carried on efficiently. Furthermore, Federal funds are supplied only on condition that the roads be properly maintained, so that the banker has assurance that values resulting from the better highways will be stable.

It is very appropriate that this bureau should be a part of the department of agriculture. Its business is to promote the construction of the extensive system of modern highways which is necessary to connect the American farmer with his shipping point, and to permit him to market the larger volumes of better farm produce which other bureaus of the department have taught him how to raise.

Practically every ton of this produce, and the products of the mines and factories as well, is transported by road at some stage of its transfer from producer to consumer, much of it at more than one stage.

MUST HAVE MODERN ROADS

The modern way is to ship by motor truck. The modern vehicle must have modern roads; and the Federal Aid Road Act, passed by Congress in 1916, provides funds and a plan of Federal and state co-operation in the construction of the roads. As a result of this



More milk to market in Wisconsin

act the bureau of public roads has taken an important place in the road construction of the nation.

The act with its amendments provides \$275,000,000 of Federal money to be allotted to the several states in five annual installments between 1916 and 1920. The first installment of \$5,000,-

000 was apportioned among the states in 1916. The last apportionment, amounting to \$100,000,000, was certified by the secretary of agriculture on the first of July, 1920.

There is no opportunity for discrimination in the distribution of these large sums. It is as fair as a mathematical formula can make it. Each state receives a portion which bears to the whole fund the same relation that its population, area, and mileage of post roads bear to the total population, area, and mileage of post roads in the United States, each factor having a weight of one-third.

The funds so apportioned to the states are granted on condition that the states themselves will appropriate sufficient money to pay for at least one-half of whatever improvement is undertaken. The actual construction is carried on under the immediate direction of the state highway departments, subject to the approval of the secretary of agriculture.

To insure the competent handling of the Federal and state funds the act itself provided that no state could receive any of the Federal money until it had provided itself with a state highway department, adequate in the opinion of the secretary of agriculture to carry on the work required of it. This provision alone was responsible for the creation of effective state departments in seventeen states that previously had either no department at all or departments insufficiently equipped to perform necessary functions.

The bureau of public roads, which is charged with the administration of the act, operates through its headquarters at Washington, D. C., and thirteen district offices in various parts of the United States. To pay for administrative expenses three per cent. of the Federal appropriations is set aside. As an illustration of efficient administration, district No. 8, with offices located in Montgomery, Ala., cost the government \$78,547 from December, 1916, to April, 1920, inclusive. This is an average of \$1,916 per month. Reports from the engineer for that district show that

the bureau's engineering review and technical advice in connection with state projects submitted have resulted in large savings in road construction. A single case in one state was revised by the district engineer, effecting a saving of \$13,638.26. Another project was redesigned at the Washington office to cost \$10,000 less than the design submitted by the state.

SPANS CONTINENT TEN TIMES

Since the passage of the act projects for the improvement of a mileage of roads sufficient to span the distance from the Atlantic to the Pacific ten times have been approved by the secretary. Half of these roads, totaling 16,600 miles, were either completed or under construction on July 1, 1920. The Federal contribution to these roads actually under construction will be \$113,-



A broad way to market for the farmer

611,463, and their total cost will be in excess of \$200,000,000.

These figures would be larger had economic conditions been more favorable. The inhibition laid upon road construction during the war, the scarcity of labor and materials of construction ever since the passage of the act, the shortage of freight cars, which has affected every constructive work in the country—all these have operated to retard the expenditure of the funds available. And yet, since the armistice the rate of expenditure has equaled that of the Panama Canal construction.

But though we have had more money

than we could use during the past five years, the condition is likely soon to be reversed. The last apportionment of the funds appropriated was made on July 1, 1920. Under the law all this money must be spent by July

will be sooner or later, will have to overcome much the same inertia which has been overcome in attaining the present rate of construction.

GOOD ROADS IN FORESTS



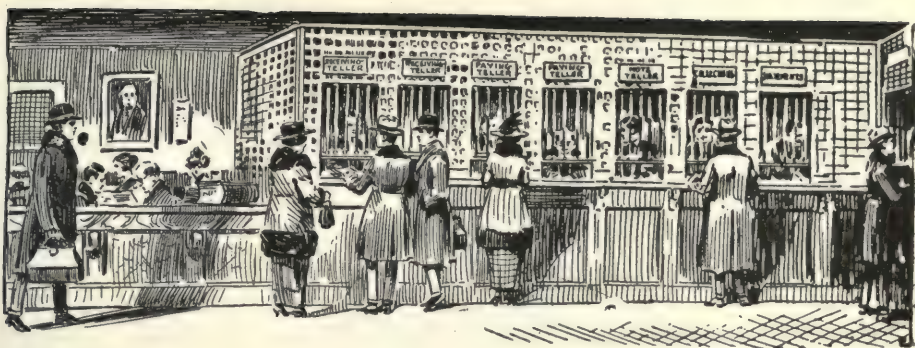
The forest roads involve some of the most difficult work in this country

1, 1922, with the exception of a small part allotted to states which at first had no competent highway department. To these an extension of time is permitted. Many of the states are now spending the money as fast as it is made available. Before the end of this year some of them will have completed plans for the expenditure of all the money which can be allotted to them. Unless, therefore, Congress appropriates additional funds this year with which to carry on this great work, one of the largest systematic efforts of public improvement ever undertaken in the history of the country will lapse, and organizations, built up to handle work in a large way, will be dissipated. Delay in this respect will result in loss of momentum, and the new impetus when it is finally given, as it certainly

The same acts which provide for Federal-aid work appropriate also for the construction of roads and trails in the national forests. This work also is under the bureau of public roads. In all, \$19,000,000 have been appropriated to be expended over a period of ten years for the purpose of providing highways and fire-fighting trails in the great domain of the forests. This work is carried on under the immediate direction of this bureau in co-operation with the forest service of the department, but without the co-operation of the states. The size and importance of the job can be appreciated when it is known that the western forests include an area larger by 20,000 square miles than all of New England and the North Atlantic states; that in this area lie 15,000 miles of state and county highways, not to mention the trails; and that not a single national park can be reached without traveling over a national forest road. Moreover, as the forests lie along the mountain crests, they contain all the important passes through which must be built the great trunk roads from the plains to the Pacific and from North to South.

Up to April of 1920, over 1,000 miles of these roads had been completed or were under construction, and surveys involving some of the most difficult work ever encountered in road work in this country had been completed for a total of 2,543 miles.





Observations of an Outsider

A Non-Banker Gives His View-Point on Banking Service

I HEARD two men on the street discussing the relative merits of two banks the other day. Neither of them were very strong on figures and apparently neither of them knew much about the fine art of banking. I was interested to note that their faith in the two banks they were discussing was based entirely on their knowledge of the men who were conducting the affairs of the institutions. Personality counts big in banking.

◉

I received in the mail this morning a "statement of condition" from a bank in which I am interested. It was different from the usual cut-and-dried statement. It told all about the bank and its progress in a simple, straightforward way that even I, a layman, could understand. Furthermore, it was attractively printed, on good paper, bore the seal or "trade-mark" of the bank, and altogether made a most favorable and lasting impression on me. Too much of this "statement of condition" stuff is stiff and perfunctory.

◉

A well-known bank recently ran a piece of advertising copy urging the readers to "Make this Bank Your Executor." It was good sound advice, but it didn't go far enough. It didn't tell why it is better to have an institution

as executor than an individual; it didn't tell why that bank was especially fitted to perform the functions of an executor. In other words, the advertisement started a good train of thought but it didn't "carry through." It seems to me that a lot of mighty fine advertising copy could be written on this subject—copy that would be aimed not at the man who is already interested, but at the man who has never given such matters a single thought.

◉

A banker once told me that he was "not a competitor of the other bank in town." Of course he was a competitor—or else he was a dead one. Every bank has got some individual reasons for existing, and in the possession of these individual qualifications it is the competitor of every other banking institution in town.

◉

I saw a good window display in a bank the other day. It consisted of a \$100 bill resting on a calendar showing the whole twelve months, then a small sign which said: "We pay five per cent." and next to that was a new \$5.00 bill. People looked at it, got the point, smiled and went on with thoughtful expressions on their faces. The bank told me the display had brought excellent returns.



Trading with the Land that was Born Lucky

KIPLING rightly called her *The Land that was Born Lucky*. For Canada has the greatest reservoir of natural wealth in the world—vast forests, mountains of minerals and millions of acres of untilled arable land. She is building wisely with her wealth, exporting part of her surplus in exchange for the things she needs.



WRITE FOR
COPIES OF OUR
BOOKLETS:

Foreign Exchange
The Webb Law
The Edge Law
Acceptances
Scandinavia

Our neighbor and best friend among nations sends nearly half her exports to this country, and buys three-quarters of her imports from us. In raw materials and finished merchandise, each country has much to offer the other, with advantage to both. The constant growth of Canada's population insures that new opportunities will continue to appear for expanding this trade, which now approximates \$100,000,000 a month in both directions.

Considerable of this great commerce moves via New England and is financed through THE NATIONAL SHAWMUT BANK. As a result of long experience, we are particularly well equipped to cooperate in building up and financing north- or south-bound trade. Correspondence is invited.

THE NATIONAL SHAWMUT BANK of BOSTON

Resources far exceed \$200,000,000

Banking Publicity

Special Section of The Bankers Magazine

JUNE 1921

Daylight Movie Makes Unusual Window Display

AN INNOVATION in bank window display advertising was given its first tryout April 10, when the Mississippi Valley Trust Company opened a miniature moving picture theatre in its savings window on Fourth Street, St. Louis.

A two-by-three foot ground-glass screen is displayed in a black shadow box and pictures are thrown through it by an automatic projector in such a way that they are plainly visible in daylight to passers-by on the sidewalk.

The entire display repeats itself every four minutes, but four separate plays are shown, so that a complete impression can be gained by one who is willing to stop for a minute.

One play is entitled "A Healthy Growth" and illustrates the planting of a one dollar bill in a Mississippi Valley savings passbook and its growth to a dignified pile of currency in large denominations. Trick photography was used here and the comments of the beholders testify to its effectiveness.

Another novel feature is introduced in the second play, which shows the onlooker a scene made on the very spot where he is standing. Two men are shown walking casually in the same direction along Fourth street. The leading actor pulls his handkerchief from his pocket and in doing so "drops his roll," which is picked up and returned to him by the second actor. This sets the second man to thinking and he is seen to enter the doorway of the Mississippi Valley Trust

Company and open a savings account. Naturally, his reception by officers of the Savings Department is a cordial one and reflects the spirit of welcome which the institution wishes to impress on the minds of prospective depositors.

Heart interest is the motif of the third play, which is

count in baby's name with father as trustee."

The last play is for shoppers. It shows a counter scene in an up-to-date department store, with a sale of merchandise just closing. The saleslady wraps up the parcel, hands it to the attractively gowned customer and awaits payment. The customer opens her shopping bag confidently, only to register a close-up of consternation at discovering that her money has



This miniature moving picture theatre is creating deposits for the Mississippi Valley Trust Company in St. Louis

called "Baby's Birthday." A simple home interior shows a proud mother with a future president of the United States in her arms and an equally proud papa leaving home for his day's duties. Proud papa is then seen passing the main entrance of the Mississippi Valley Trust Company. His expression shows that a happy thought occurs to him and he enters the main lobby of the Trust Company, is greeted by a uniformed attendant, and proceeds to open "A savings ac-

been lost. The moral is so obvious that it scarcely requires the closing title, "Why Risk Loss? A Mississippi Valley Trust Savings Account Is the Safe Place for Your Money."

Moving picture advertising is an old story with banks the country over and was used by the Mississippi Valley Trust Company as long ago as 1915, but this is probably the first time that a bank has arranged to show people its conveniences by a moving picture displayed in its window.

Banking Publicity

Monthly Publicity Section

THE BANKERS MAGAZINE

253 Broadway, New York

JUNE 1921

TO ONE who is accustomed to observe banks from the outside as well as the inside, it is always a matter of regret that so few take advantage of the enormous publicity value of their show windows. Nearly all banks have ground floor locations and most of them are situated in the heart of the business district of their town or city where thousands of people are passing each day. On all sides of them are retail stores who by the attractiveness of their window displays are competing for the spare dollars of the passersby. What an opportunity for the bank to put over the lesson of thrift, to demonstrate the value of a checking account, to show these services of its trust department, to illustrate the necessity for a safe deposit box! All of these services can be graphically illustrated by ingenious window displays and at a minimum of expense. Banks that have tried it out have reported remarkable results. In every case the public has shown great interest. In nearly all cases they have succeeded in breaking down the public's instinctive shyness at entering a bank which the cold aloofness of its exterior has hitherto encouraged. How long before banks in

general will awake to the possibilities of this type of publicity?



THE COMBINED annual circulation of American newspapers is over 14,000,000 copies. That gives one a good conception of the power of the press in this country, and also emphasizes the value of the newspaper as an advertising medium.



ABOUT \$3,000,000 a year is being deposited in the school savings banks of the United States, according to reports received by the American Bankers' Association. This would seem to indicate that children are potentially thrifty, to say the least, and that it certainly is advisable for the forward-looking banker to cultivate them.



TAKE A LEAF from the experience of your customers who are manufacturers. They know that trade-marked articles are most effectively sold because they are most easily recognizable by buyers. Undoubtedly this is true also of a bank. Choose a good trade-mark or emblem, use it continuously in your advertising and elsewhere and you will find you have created an asset of great value.



"THE SUCCESSFUL advertising of the present—and what will be the real advertising of the future—is the

red-blooded, truthful, plain, simple, dignified, cultured, courteous, commonsense 'human' advertising — because people with these attributes rule the world and make it progress," so says Joseph H. Appel, and he knows because he is director of publicity of the John Wanamaker Stores.



THE ADVERTISING MANAGER and the agency handling the account of one of the largest of New York trust companies which has recently gone to great lengths in the way of human interest advertising induced the president of the institution to sign a letter to the officers and employees calling attention to the new series of "humanized" advertisements, the purpose of which is partly to interest small customers who may become large as time goes on.



"HUMAN STUFF" has had a long and tiresome fight trying to break into bank advertising, struggling to find presidents who, generally human enough to their customers, and likewise willing to back "the boys" up in getting business are really ready to play through the entire distance—the kind that will go to the mat with the directors and tell them to buy the same live advertising for the bank that they buy for their businesses. But the pendulum may swing the other way. At

least the time may come when the bank which is ultra-conservative in what it says, will be conspicuous, like tan shoes on a pall-bearer, and then mediocrity will come into its own again.



How Banks Are Advertising

A BANK'S WINDOW is the least expensive advertising medium it can use as far as the cost of the space is concerned. The National Bank of Commerce, Casper, Wyoming, had a series of effective displays including one which showed checks, drafts and notes signed by Ima Saver, I. M. Rich, U. Will, Will Power, B. Thrifty, U. R. Efficient and others. A clever exhibit was a little tree illustrating objectively the message, "Plant Your Small Coins in a Savings Account. They soon grow to Dollars."

A CERTAIN NATIONAL BANK in a small Southern city has deposits of over \$10,000,000, which is unusually good for an institution in a town of that size and in that particular state. The reason given for the remarkable success of the institution is the fact that its officers have made it a point to cultivate the personal acquaintance of all of its depositors. The bank is liberally supplied with officers. Probably it has more of them than many bank directors or stockholders would consider necessary. Most of these officers have desks separated from the public lobby by only a low railing in which there are several convenient openings, so that the officers can quickly pass out into the lobby to greet depositors as the occasion arises, which is as frequently as there is any possible excuse for it. The result of this policy is that the bank is very popular in its community, a popularity

which is reflected in its large deposits and big volume of business.

THE RHODE ISLAND HOSPITAL Trust Company, Providence, R. I., used good judgment in referring in a newspaper advertisement to an article in *The Independent* which quoted the advice of an ex-convict, as follows:

Why do you not pay by check? Tell me one reason why you cannot or will not, and I will give you a dozen reasons why you should.

These utterances of an ex-convict, recently published in *The Independent*, were in con-



"Bankering"

IT is market day. Lombard Street in old London Town is crowded.

Here a colorful group has gathered around a swarthy Italian money changer's bench. A happy-faced English woman, with a basket on her arm, bustles up and changes her small silver pieces for a half noble.

A picturesque Spanish merchant waits to exchange foreign money for "coins of the kingdom."

The bench at which the money changer sits is called in Italian *banco*. From this circumstance is derived

the English word "bank." The business of exchanging moneys is known as "banking."

"Bankering" today covers a range of service of which the old Lombardian money changer never dreamed.

Our booklet "The First National Bank West of the Rockies" strikingly illustrates the completeness of the service rendered by this bank.

A request for this booklet—by letter or in person—will receive courteous attention.

THE FIRST NATIONAL BANK OF PORTLAND OREGON

THE FIRST NATIONAL BANK WEST
OF THE ROCKY MOUNTAINS

Copy like the above is both interesting and educational, stimulating public interest in banking

nection with an assertion that people invite loss by having in their safes and pockets large amounts of currency.

To pay all bills by check is the safest and most convenient practice, both in business and in the home.

A checking account with this Company may be opened with an initial deposit of one hundred dollars, after which deposits may be of any convenient size.

ONE OF THE BEST bank house organs that comes to us is "Bank Notes," the monthly staff magazine of the Commonwealth Bank of Australia. It is thoroughly illustrated, and contains a fair mixture of grave and gay material. The March issue had

Who's Who in Bank Advertising



A. GORDON TAIT

Publicity Manager Royal Bank of Canada, Montreal

MR. TAIT is publicity manager for the Royal Bank of Canada, head office, Montreal. He was born at Delhi, Punjab, in 1872. He was educated privately in Devonshire and Norfolk, England, and also at an Elizabethan Grammar School in Kent, founded in 1576. Intending to return to India, he entered the employ of a leading firm of East and West India brokers, gaining valuable experience under the very strict régime in vogue in London business houses thirty years ago. Disappointed in securing a suitable appointment in the East, Mr. Tait turned his attention to Canada. After six months in the Ontario Bank, he joined the Royal Bank of Canada, known prior to 1901 as the "Merchants Bank of Halifax." During his twenty-three years' service, he has seen the Royal Bank grow from a small local institution to a bank of international importance with 730 branches and resources of nearly \$600,000,000.

Mr. Tait is a Fellow of the Royal Statistical Society of London, Eng., and an ordinary member of the American Statistical Association, New York. He is the bank's representative in the Association of Canadian Advertisers, Toronto, the Publicity Association, Montreal, and the Financial Advertisers' Association, St. Louis.

an account of a swimming carnival, with some pictures which rival Mack Sennett's bathing beauties, as February and March are summer months in the Antipodes.

THE NATIONAL SHAWMUT BANK of Boston has issued a booklet entitled "Shawmut Service" which was "prepared with the object of acquainting our depositors and others with some of the varied and helpful services which a modern, highly-organized, and progressive bank places at their disposal." Banks that render a complete banking service do well to issue a book of this kind as oftentimes customers are only using one service when they might be using several, simply because they have never had them brought to their attention.

THE AMERICAN NATIONAL BANK of Richmond, Va., is conducting a campaign for 2,000 new savings accounts by June 14, 1921. In order to secure co-operation from all employees the bank has been distributing blotters containing the following notice:

2,000 NEW SAVINGS ACCOUNTS BY JUNE 14, 1921.
HELP YOUR BANK BUILD THE BIGGEST SAVINGS DEPARTMENT IN RICHMOND.

THE BANK OF AMERICA, New York and Brooklyn, has an industrial department which is prepared "to give customers practical co-operation on all matters pertaining to business efficiency and industrial management, to inspect plants and offices and to render outside and experienced judgment, to suggest layouts for operation, to make audits, examinations and appraisals, to advise and assist in financing, to determine by survey of conditions peculiar to each industry the necessity for additional permanent capital proportionate to the growth and needs of the business, to establish contact between capital and opportunity, to bring about advantageous combination of similar industries, to act as a clearing house for new

ideas, to supplement and reinforce the bank's own credit department, to make complete reports on companies desiring new financing, in short to act as a general practitioner and diagnostician in the financial end of industrial matters." A pretty large order, this, but a department which ought to build good will and create much new business for the bank.

THE FIFTH-THIRD NATIONAL BANK of Cincinnati has a commercial service department whose functions are classified as follows:

Travel—Railway, steamship, hotels, Pullmans, travelers' checks.
 Freight—Routings, rates, tracing, packing, shipping.
 Securities—Custody, exchanging, buying, selling, safe deposit.
 Income Tax—Information, assistance, blanks, etc.
 Advertising—Suggestions, criticisms, assistance.

IN BELTRAMI COUNTY, MINNESOTA, there is a movement on foot to get a large acreage of cut-over land cleared this coming summer. The bankers seem to be engineering it. They are announcing through the newspapers that banners reading "Member of Land Clearing Movement, Beltrami Co." will be issued to all business men who contribute to the expense of the Land Clearing Movement. Bankers explain their interest in the matter in one simple, comprehensive sentence. It is: "Because cleared areas mean more deposits and better secured loans."

THE NEW NETHERLAND BANK of New York is publishing for its customers a monthly house organ called the *New Netherland Monthly*. It contains 16 pages, pocket size, and discusses in an interesting manner the various services that the bank offers.

"THE COMMERCE PULSE" is the title of the new house organ of the Commerce Banks of Kansas City. It is published by and for the staff of these banks and will contain items of

(Continued on page 979)

Who's Who in Bank Advertising



EDWARD H. KITTREDGE

Publicity Manager Old Colony Trust Company,
Boston, Mass.

MR. KITTREDGE has been connected with the Old Colony Trust Company of Boston, Mass., since his graduation from Harvard in 1911. He was manager of the statistical department from 1913 to 1917, and has been manager of the publicity department since that time.

Mr. Kittredge is a member of the Publicity Committee of the Trust Company Division of the American Bankers' Association, is a vice-president of the Financial Advertisers' Association, and a director of the Pilgrim Publicity Association of Boston.

Employing Modern Advertising Methods in Marketing Large Bond Issues

By ARTHUR M. DeBEBIAN

Director of Publicity and Advertising for the Equitable Trust Company of New York

A LARGE BANKING syndicate recently sold to American investors \$10,000,000 State of Sao Paulo, Brazil, 15 year 8 per cent. bonds. A most gratifying feature of the selling campaign was the wide distribution obtained. As one dealer put it—"We think that a splendid piece of work has been done here. The bonds in this section at any rate have been placed permanently with individual investors, and we feel that the bonds should have a good future market due to this wide distribution."

In marketing this issue the bankers were confronted with the problem of acquainting American investors with the many really remarkable features of the bonds. This type of security although well known in London and Amsterdam was practically unknown in this country. For many years past London and Continental markets have eagerly subscribed for Sao Paulo's securities.

The syndicate offering the bonds, composed of Speyer & Company, the Equitable Trust Company of New York, Halsey Stuart & Co., Inc.; Blair & Co., Inc.; Cassatt & Co., and Ladenburg Thalmann & Co., decided to employ educational advertising to acquaint American investors with this great South American State.

A series of six attractive illustrated advertisements was prepared dealing with the size of Sao Paulo, its location, agricultural and industrial importance, and financial standing. Facts of the following character were featured:

1. Sao Paulo is commercially the most important state of Brazil—the largest South American republic.
2. Its territory is approximately

as large as the New England States and New York State combined.

3. Its population is about 4,000,000—36 people to a square mile, or equal to the population per square mile of the United States. A majority

of the people are either Europeans or European descent.

4. Situated almost entirely on a plateau 2,000 feet above the sea, its climate is healthy and invigorating and is similar to that of Southern California.
5. Sao Paulo exports in 1919 amounted to about \$271,000,000 and its imports \$95,000,000.
6. Sao Paulo is the most progressive state of a progressive republic. It leads in railroad mileage and equipment, telephone and telegraph lines, educational facilities, and sanitary works.
7. The credit of Sao Paulo is

The collage consists of six individual advertisements for Sao Paulo bonds, arranged in a 2x3 grid. Each advertisement features a distinct illustration and text highlighting the state's size, population, climate, and economic progress. The ads are titled "San Paulo: The Empire State of Brazil" and "San Paulo's Credit has always ranked high".

- Top Left:** Illustration of a map of Brazil with Sao Paulo highlighted. Text: "San Paulo: The Empire State of Brazil. This State of Sao Paulo is situated on a plateau 2,000 feet above the sea, its climate is healthy and invigorating and is similar to that of Southern California." It also mentions a population of 4,000,000 and a density of 36 people per square mile.
- Top Right:** Illustration of a ship at sea. Text: "Did your coffee this morning come from Sao Paulo? Here is a state that produces more coffee than any other in the world." It mentions that Sao Paulo is the largest coffee producer in the world.
- Middle Left:** Illustration of two globes. Text: "San Paulo, the commercial, industrial, agricultural center of Brazil." It mentions that Sao Paulo is the largest city in Brazil and the center of its commerce.
- Middle Right:** Illustration of a large building. Text: "San Paulo's Credit has always ranked high." It mentions that Sao Paulo's credit is one of the highest in the world.
- Bottom Left:** Illustration of a landscape with a large building. Text: "60% from Sao Paulo." It mentions that 60% of the state's revenue comes from Sao Paulo.
- Bottom Right:** Illustration of a city street. Text: "A Progressive People Live in Sao Paulo." It mentions that Sao Paulo is a progressive state with a high standard of living.

Copy used in distributing to individual investors \$10,000,000 State of Sao Paulo, Brazil, bonds

high. Two previous external loans were paid before maturity.

Several of the advertisements are reproduced below.

These advertisements were published in a list of seventeen prominent newspapers and the campaign was supplemented by sales letters and some very attractive illustrated literature. Each salesman of each syndicate organization was supplied with a portfolio of proofs of these advertisements.

Not more than two weeks after the advertising campaign was started the syndicate managers announced the over-subscription of this issue.

The success of this method of selling has convinced the syndicate that this type of advertising when carefully prepared, enlivened with forceful selling arguments and published in conjunction with a definite sales campaign over a period of four to six weeks is a powerful force in selling securities of this character.



How Banks are Advertising

(Continued from page 977)

interest to officers and employees. W. T. Kemper, chairman of the board, writes as follows to F. M. Staker, the bank's publicity manager, with regard to the new publication:

I am pleased beyond measure to know that the men and women in our Commerce organization have decided that it will be useful and profitable to all of us to have a bank publication. This will give us all an opportunity to express ourselves so that every one in the organization will profit by this exchange of ideas.

My congratulations and best wishes to you and all of our associates in both banks.



A NEW DEPARTMENT

Some one has remarked particularly that if the loans at the Reserve Bank continue to fall as they have been doing the last few weeks the institution will be forced soon to put in a new business department.—N. Y. Times.

Who's Who in Bank Advertising



EDWIN M. HUTCHINS

Publicity Manager Seaboard National Bank of New York

MR. HUTCHINS became associated with the Seaboard National Bank of New York as publicity manager in June 1919. Prior to joining this bank, he was identified with Anheuser-Busch, Inc., St. Louis, as assistant sales manager. He was with the Mississippi Valley Trust Company of St. Louis for many years and during the last five years of his connection with the trust company was assistant manager of publicity.

He has had a wide range of experience in financial publicity work, having handled copy for every branch of advertising of a financial institution operating banking, trust, bond, real estate, safe deposit, savings and farm loan departments. In addition to being a devotee of art, he is the originator of various systems of accounting in publicity and purchasing work.

The "Tie Up" in Bank Advertising

GOOD ADVERTISING is only half the battle in building business and good will for banks. Advertising may bring possible customers into the building but it takes the co-operation of officers and employees to hold the business once it is within reach. This point is well emphasized in an editorial in The Citicomer, the monthly house organ of the Citizens Commercial Trust Company of Buffalo, N. Y., which reads:

Have you been reading our advertisements which have been appearing regularly in the daily papers? Many favorable comments have been passed by outsiders on our newspaper ads. We are "selling" our institution to the public; we are making known our facilities and are inviting the business of those whom we can help through the various departments of our bank. This advertising is costing us a good deal of money, but this money will not be spent in vain if we see actual results brought about by these ads.

There is, in the advertising game, such a thing known as the "tie-up." This is, just as its name implies, something which ties up the printed advertisement with the real transaction. In the case of bank advertising, it is we, who are on the inside of the bank, who can act as this connecting link. It is up to us to make good our advertisement!

Once the written advertisement has made the desired impression upon a prospective customer, the next step on the part of the bank is to see that the prospect finds here those things which have been advertised. This is a most important step in securing new business for a bank, for, let a man come into the bank and find the atmosphere different from that which he expected—and the ad is absolutely lost.

We cannot overestimate the importance of this tie-up in bank advertising. If we advertise prompt, efficient service, let them find it here; if we advertise courtesy and good will, let those things actually exist. Very often the bank who advertises these things and fails to present the goods is worse off than the bank who does not advertise at all, for, in the first instance, the bank has created a definite, unfavorable impression, while the second bank has not. Hence we see that the importance lies not so much in the advertisement itself, but in living up to that which we do advertise.

A specific example of this art of false advertising was brought up at a meeting of bank advertisers not very long ago. A certain man read a series of advertisements which told how this

particular bank welcomed a new customer; how the officers were always "glad to talk things over"; how small accounts received the same careful attention as large accounts, etc. This man decided to open an account at this bank, so he walked up to a teller who referred him to one of the officers. As he approached this man's desk, he observed that a customer was being severely reproved. After he left the desk, the officer turned to our man and asked him what he wanted.

"I was thinking of opening an account here," began the man.

"You'll have to maintain a balance of \$500," snapped the officer. "No, I won't," answered the man, "because I'm not going to open the account, after all. I don't like the place." And he left.

Courtesy, willingness, good will? Fiddlesticks! This was a case of talking one policy and practicing another. Let us hope that we will never know a case of this kind.

There is no excuse for these occurrences; yet they take place over and over again. One person can spoil the effect of an entire advertising campaign if he is not on his guard every minute. Not only are these things unbusinesslike but absolutely unfair to the institution which we represent.

If only a little care is needed to eliminate the possibility of these happenings, let us do our best to be careful. We should join hands and form one strong, firm connecting link between that which we promise to do and that which we actually do. It's up to us!



People talk mainly of two things: of themselves, of other people. Advertising that is saturated with human interest is bound to be most widely read.—*Joseph H. Appel, Director of Publicity, the John Wanamaker Stores.*



Every Farmer Has Valuable Papers

which should not be left at home where they may be in danger of loss through fire, theft or carelessness.

You have contracts, leases, Liberty Bonds, deeds, mortgages, and other papers and securities which you cannot afford to lose, or even to run the risk of losing, when for as little as \$3.00 a year you can rent a private box in our fire proof and burglar proof safe deposit box.

Give your valuable papers the protection of our great vault and you need never worry another minute about their safety.

Isn't your peace of mind worth \$3.00 a year to you?

THE CITIZENS TRUST COMPANY
ADAMS. NEW YORK

Member Federal Reserve System

"Distance is no Barrier to our Service"

A safe deposit appeal to farmers

How Bankers and Insurance Men Can Work Together

THERE IS A CLOSE affinity between the paying of premiums on life insurance, part payments on homes, and savings deposits in banks. This affinity has been realized by the Marshall and Ilsley Bank of Milwaukee which recently conducted an advertising campaign in the local papers, promoting insurance, and showing how the bank can help to lighten the burden of paying premiums. Following are some examples of copy that was used:

IS YOUR LIFE INSURED?

Does the life insurance you now carry provide adequate protection to those dependent upon you? Your life has dollars and cents value. If you realize your responsibility to your family, you will insure your life for what it is worth,

—and it is easy to meet your annual premiums if you will put a small portion of your income

into a savings account each pay day. Open an interest-bearing savings account in this bank with any sum from \$1 up. It will be the initial step toward meeting your next premium.

TO YOUNG MEN

You young men, just out of high school or college, starting a business or a professional career, need not be advised about the necessity of saving money. You already know that.

We suggest that you save for some definite purpose. We further suggest that your first object in saving be the initial premium on a life insurance policy. A portion of your income deposited regularly in a Savings Account in this bank, will soon amount to the sum necessary for the first premium on a Life Insurance Policy.

TALK TO A LIFE INSURANCE MAN ABOUT THIS TODAY

INSURE THE PAYMENT OF THAT MORTGAGE ON YOUR HOME

If you should die suddenly, would you leave a heavy mortgage on your home?

Every man who owns a home should carry sufficient life insurance to leave the homestead unincumbered in the event of death. Your family deserves this protection.

Investigate our plan for saving small sums towards paying the annual premium on your insurance policy.

Ask any insurance man, or call at the bank, regarding our Insurance Premium Savings Plan.

HOW ABOUT YOUR WIFE?

Your wife may be an excellent homemaker, yet may fail completely as a wage earner. Don't allow carelessness to compel her to leave the care of your children to others. Protect her by insuring your life, so that should you go, her income will continue.

Paying the premium is comparatively easy if you will provide in advance. Do this by opening a special savings account in this bank and depositing each month a definite amount for this particular purpose.

Talk to your insurance man—he'll say the same thing.

WHERE DO YOU STAND?

Only a few years ago if a man died carrying \$100,000.00 Life Insurance it occasioned considerable comment, but now big business and professional men buy even larger amounts of both personal and corporation Life Insurance. It is because they realize that some definite substitute for at least a part of their productive ability must remain after they are gone.

IS THE RATIO OF YOUR LIFE INSURANCE TO YOUR PRESENT INCOME LARGE ENOUGH?

Probably not. Then try this plan—



A clever poster window display

Deposit regularly every pay day a portion of your income into an INSURANCE PREMIUM ACCOUNT at this bank. You will soon have accumulated a sufficient sum to pay the first premium on the amount of insurance you should carry.

Any Life Insurance man in Milwaukee will gladly tell you more about our plan.

As a result of this campaign the Northwestern Mutual Life Insurance Company of Milwaukee published a full page advertisement in the local paper headed "What Milwaukee's Oldest Bankers Say About Life Insurance," using the bank's advertisement "To Young Men" as a basis. The Old Line Life Insurance Company followed this example by publishing an advertisement entitled "Banks" shown in the form of a letter signed by the president and recommending "Insurance Premium Savings Accounts."

The campaign also attracted much interest throughout the country both among banks and insurance companies. It has served as a practical demonstration of the way in which these two great agencies of thrift can work hand in hand for their mutual benefit and to the advantage of the public at large.

BANK OF CHARLEROI

Charleroi, Pennsylvania.



Facts and figures are arguments—and here are the truths—just 23 years in making.

Deposits, Earnings and Dividends Since Organization January 24, 1896, to December 31, 1920.

Year	Capital	Deposits	Assets and Liabilities	Dividend	Rate
1896	\$ 7,000.00	\$ 213,000.00	\$ 1,942.75	.....	.....
1897	7,000.00	213,000.00	2,000.00	.....	.....
1898	7,000.00	213,000.00	2,000.00	.....	.....
1899	7,000.00	213,000.00	2,000.00	.....	.....
1900	7,000.00	213,000.00	2,000.00	.....	.....
1901	7,000.00	213,000.00	2,000.00	.....	.....
1902	7,000.00	213,000.00	2,000.00	.....	.....
1903	7,000.00	213,000.00	2,000.00	.....	.....
1904	7,000.00	213,000.00	2,000.00	.....	.....
1905	7,000.00	213,000.00	2,000.00	.....	.....
1906	7,000.00	213,000.00	2,000.00	.....	.....
1907	7,000.00	213,000.00	2,000.00	.....	.....
1908	7,000.00	213,000.00	2,000.00	.....	.....
1909	7,000.00	213,000.00	2,000.00	.....	.....
1910	7,000.00	213,000.00	2,000.00	.....	.....
1911	7,000.00	213,000.00	2,000.00	.....	.....
1912	7,000.00	213,000.00	2,000.00	.....	.....
1913	7,000.00	213,000.00	2,000.00	.....	.....
1914	7,000.00	213,000.00	2,000.00	.....	.....
1915	7,000.00	213,000.00	2,000.00	.....	.....
1916	7,000.00	213,000.00	2,000.00	.....	.....
1917	7,000.00	213,000.00	2,000.00	.....	.....
1918	7,000.00	213,000.00	2,000.00	.....	.....
1919	7,000.00	213,000.00	2,000.00	.....	.....
1920	7,000.00	213,000.00	2,000.00	.....	.....

Dividends Paid Since Organization
\$187,500.00—or 250 Percent.

Why Is It to Your Advantage to Keep An Account With Bank of Charleroi, Charleroi, Pa.

REASON—It is a strong, sound, safe, honest, prompt, accurate and economical institution.
REASON—It is a growing, active, progressive, up-to-date bank in every particular.
REASON—Your account will be supervised by the bank, and your interests will always be carefully protected.
REASON—The bank has a confident, established credit and a modern, well-equipped safe to which is free to all depositors.
REASON—Every depositor is always a welcome visitor at the bank.
REASON—The bank makes the credit of its customers, and properly takes care of their interests.
REASON—It has an excellent business system, and consequently, safety and security are its motto.
REASON—It is a prompt and reliable institution, and its services are always ready to render.
REASON—It is a place where you can safely keep your money, and it is always ready to make and receive deposits.
REASON—It is a place where you can safely keep your money, and it is always ready to make and receive deposits.

WE PAY A PER CENT INTEREST ON ALL DEPOSITS.
We operate a BANK DEPARTMENT.
The bank is open for the convenience of the public, on Saturday nights from 8:00 to 9:00.

OFFICERS
PRESIDENT: GEORGE W. SMITH
VICE PRESIDENT: JOHN C. HAZEN
CASHIER: C. S. HAZEN
T. R. EATON, Assistant Cashier

DIRECTORS
Eugene W. Dale
John C. Hazen
Thomas F. Cox
C. S. Hazen
W. L. Bennett

Giving facts often stimulates confidence



Commerce Service

"Seven Departments—All National"

- | | |
|-----------------------|------------------|
| 1. Commercial. | 4. Trust. |
| 2. Savings. | 5. Bond. |
| 3. Banks and Bankers. | 6. Foreign. |
| | 7. Safe Deposit. |

The National Bank of Commerce in Saint Louis is a National Banking Institution—strictly.

All of our departments, seven in number, are conducted under one National Bank charter. All of our business is transacted under the authority of the National Banking Law and the Federal Reserve Act. Our records and assets are periodically subjected to the scrutiny and appraisal of representatives of the United States Government.

We direct your attention to the "All National" feature of our service because it is a distinctive feature. There are but few large banking institutions in the United States that offer an "All National" Service as complete as ours.

The NATIONAL BANK OF COMMERCE **IN SAINT LOUIS**

Broadway and Olive.

Featuring seven departments of a national bank

Personality in Letters

LETTERS SENT out by a bank are in many cases to be considered as advertising matter. The "Chemical Bulletin" of the Chemical National Bank, New York, says:

With the advent of the typewriter and the rubber stamp signature much of the desired "personal touch" has been almost eliminated from our letters. But the blame belongs to those who dictate the letters and who still employ conventional phraseology which reads like a machine. There is no excuse for the man who has not time to sign his own letters. Just the personal note that goes with a signature, even if the

handwriting is so bad no one can read it, is worth all the time and energy spent, no matter whether there are five or five thousand letters.

How can we gain the "human touch" in our letters? By simply writing as we talk. We must get away from the formal dress and be natural, that's all. Often our letters are our only representatives—all that the people with whom we do business ever see of us. If a salesman ever attempted to talk in the style of some business letters he would be coming out of the interview faster than he went in. Imagine yourself face to face with the man to whom you are writing and then see if

your letter would command attention.

If we are to insert personality into our letters we must eliminate such time-worn, mossy phrases as "Beg to advise," "Wish to state," "Yours received and contents noted," "Under separate cover," "Hoping to hear from you soon."

Many of the "pet expressions" are actually ludicrous. "Your favor," as though business were founded on favors anyway, means "a gift, usually from a woman to a man, as a glove or knot of ribbons to be worn as a token of friendship or love at an affair or wedding."

"We beg"—fiddlesticks! Can you imagine any energetic business man imploring, pleading, beseeching for business?"

"Trusting" and "hoping" and "waiting for the pleasure of serving you," and "assuring you it will have our prompt attention," etc. How much business would come your way if you sat back and "trusted" for it? Better go after it to make sure you have it.

"As per your request" sounds as though you were selling lemons at ten cents per dozen.

"We take pleasure in presenting"—All right, Mr. Toastmaster, bring on the water!

"Thanking you in advance, we remain" and we're still remaining just where you left us except that we have learned the value of securing the "human touch" in our letters.



THE FIRST NATIONAL BANK of Berlin, Wisconsin, has had good success in direct advertising to farmers, supplementing newspaper advertising. The appeal was principally for checking accounts and the titles of some of the circulars were:

"Our Real Currency and What It Is"

"Ideas, a Year Around Crop"
"Getting Acquainted: a Good Way to Do It"

"Pedigree, an Important Subject in Modern Farming"
"Getting Out of Debt"

Bank Advertising Exchange

Those listed herewith are willing to exchange booklets and other advertising matter issued by them. Subscribers can get on this list free of charge.

Watch for New Names and Other Changes.

A
Adams, F. R., Will Co. Nat'l Bank, Joliet, Ill.
Allen, W. S., pub. mgr., Southwark Nat'l Bank, Philadelphia, Pa.
Anderson, R. P., adv. mgr., Sacramento-San Joaquin Bank, Sacramento, Cal.
Ansley, D., Central Tr. Co., San Antonio, Tex.

B
Bader, A. F., asst. cash., Old State Nat'l Bank, Evansville, Ind.
Bailey, C. W., pres., 1st Nat'l Bank of Clarksville, Tenn.
Banco Mercantil Americano del Peru, Lima, Peru, S. A.
Bankers Magazine, The, New York.
Bauder, R. E., Union Bank Bldg., Chicago, Ill.
Baughner, E. M., pres., Home Bldg. Ass'n Co., Newark, Ohio.
Bell, H. W., director serv., Svgs. Bank of Utica, N. Y.
Bennett, H. D., asst. cash., Capital Nat'l Bank, Lansing, Mich.
Berger, H. C., cash., Marathon Co. Bk., Wausau, Wis.
Bernhardt, J., vice-pres., Cotton Belt Svgs. & Tr. Co., Pine Bluff, Ark.
Bize, L. A., pres., Citizens Bank & Tr. Co., Tampa, Fla.
Blethen, J. O., cash., Security Tr. & Svgs. Bank, Yuma, Ariz.
Branham, D. R., director pub., Hellman Com'l Tr. & Svgs. Bank, Los Angeles, Cal.
Brown, G. W. C., asst. secy., Tidewater Bank & Tr. Co., Norfolk, Va.
Brown, R. A., asst. cash., Citizens Nat'l Bank, Raleigh, N. C.
Buennagel, L. A., mgr. serv. dept., Fletcher Svgs. & Tr. Co., Indianapolis, Ind.
Burton, E. C., V.-P., Pennsylvania Nat'l Bank, Chester, Pa.
Butzloff, H. M., asst. cash., Iowa State Bank, Atlantic, Iowa.
Buzbee, M. A., adv. mgr., American Bank of Commerce & Tr. Co., Little Rock, Ark.

C
Caplan, H. B., secy. to pres., Canal-Com'l Tr. & Svgs. Bank, New Orleans, La.
Childress, F. B., adv. mgr., Atlantic Nat'l Bank, Jacksonville, Fla.
Clabaugh, S. F., cash., City Nat'l Bank, Tuscaloosa, Ala.
Coon, H. J., 68 Farnham Ave., Toronto, Canada.
Corrigan, J. V., pub. mgr., Atlanta Tr. Co., Atlanta, Ga.
Crary, R. F., asst. cash., Internat'l Bkg. Corp., N. Y.
Culbreth, E. E., Com'l Nat'l Bank, Raleigh, N. C.

D
Dayton, T. S., pub. mgr., Guaranty Tr. Co., N. Y.
De Behian, A., adv. mgr., Equitable Tr. Co., N. Y.
Delfy, H. E., Tradesmen's Nat'l Bk., Phila., Pa.
Delson, L. E., pub. mgr., Central Tr. Co. of Illinois, Chicago, Ill.
De Wilde, J., pub. mgr., American Nat'l Bank, Pendleton, Ore.
Distelhorst, W., adv. div., 1st Wisconsin Nat'l Bk., Milwaukee, Wis.
Dysart, W. R., cash., 1st Nat'l Bank, Ripon, Wis.

E
Eberspacher, J. C., asst. cash., 1st Nat'l Bank, Shelbyville, Ill.
Ekirch, A. A., secy., North Side Svgs. Bank, N. Y.
Ellsworth, F. W., vice-pres., Hibernia Bk. & Tr. Co., New Orleans, La.
Etter, R. W., Merch. & Planters Bk., Pine Bluff, Ark.

F
Frost, L. A., treas., Guaranty Tr. Co., Cambridge, Mass.

G
Garner, P., pub. mgr., Wachovia Bk. & Tr. Co., Winston-Salem, N. C.

Gehle, F. W., mgr. adv. dept., Mechanics & Metals Nat'l Bank, New York.
Gillmore, M. S., Buck & Glenn, Inc., Winston-Salem, N. C.
Gonthier, H. G., dir. pub., Bank of Hochelaga, 112 St. James St., Montreal, Que.
Grimm, H. B., mgr. bus. ext. dept., Security Tr. Co., Detroit, Mich.

H
Hall, J. C., Farmers & Mechanics Tr. Co., West Chester, Pa.
Hall, W. R. D., com'l serv. dept., Phila. Nat'l Bk., Phila., Pa.
Hansher, C. F., pres., 1st Nat'l Bank, Los Gatos, Cal.
Handerson, O. H., Union Tr. Co., Cleveland, Ohio.
Haskell, E. G., Barnett Nat'l Bank, Jacksonville, Fla.
Higgins, A. E., adv. serv., 2929 Bway., N. Y. C.
Higley, J. N., adv. dept., 1st Nat'l Bank, Youngstown, Ohio.
Hirt, E. C., Banco Hispano Suizo, Para Empresas Electricas, Plaza Canalejas, 3, Madrid, Spain.
Hoagland, J. G., pub. mgr., Nat'l City Bank, Chicago, Ill.
Hodgins, J. H., pub. dept., Union Bank of Canada, Winnipeg, Manitoba, Canada.
Hokanson, N. M., adv. mgr., State Bank of Chicago, Ill.
Holdam, J. V., adv. mgr., Chattanooga Svgs. Bank, Chattanooga, Tenn.
Home Bank of Canada, editor, Home Bank Monthly, Toronto, Canada.
Hotze, R. E., Jr., adv. mgr., Planters Nat'l Bank, Richmond, Va.
Hudson, P. L., asst. cash., 1st Nat'l Bank, Corona, Cal.
Hunter, H. G., vice-pres., treas., Kansas City Terminal Tr. Co., Kansas City, Mo.
Hutchins, E. M., pub. mgr., Seaboard Nat'l Bank, N. Y. C.

I
Imhoff, C. H., vice-pres., Union Nat'l Bank, Newark, N. J.

J
Jessup, T., asst. cash., Woodlawn Tr. & Svgs. Bk., Chicago, Ill.
Johnson, E. W., Warren Nat'l Bank, Warren, Pa.
Johnson, S. W., mgr. new bus. dept., Seaboard Nat'l Bank, Norfolk, Va.
Johnson, W. H., Jr., mgr. adv. dept., Marine Tr. Co., Buffalo, N. Y.
Jones, M. E., asst. cash., 1st & Citizens Nat'l Bk., Elizabeth City, N. C.

K
Keeton, M., mgr. svgs. dept., Merchants & Farmers Bank, Meridian, Miss.
Keller, C. B., Jr., cash., Stroudsburg Nat'l Bank, Stroudsburg, Pa.
Kittredge, E. H., pub. mgr., Old Colony Tr. Co., Boston, Mass.
Kommers, W. J., pres., Union Tr. Co., Spokane, Wash.

L
Langstroth, E., New York Trust Co., N. Y. C.
Lanier, B. W., asst. treas., United States Tr. Co., Jacksonville, Fla.
Leitch, W. B., mgr. for. dept., Merchants Bank of Canada, Montreal.
Lerner, V. A., comp., Williamsburgh Svgs. Bank, Bway. & Driggs Ave., Brooklyn.
Lord, A., American For. Bkg. Corp., 53 Bway., N. Y.
Lyons, W. S., Union Trust Co. of D. C., 15th & H Sts., Washington, D. C.

M
McCorkle, J. C., pub. mgr., City Nat'l Bank, Evansville, Ind.
McDowell, J. H., 1st Tr. & Svgs. Bank, Chattanooga, Tenn.
Matthews, H. B., adv. mgr., S. W. Strauss & Co., 150 Bway., N. Y. C.
Megan, T. F., asst. secy., Internat'l Tr. Co., Boston, Mass.

Merrill, F., adv. mgr., Northwestern Nat'l Bank, Minneapolis, Minn.
 Meyer, A. J., pub. dept., Union Tr. Co., Rochester, N. Y.
 Miner, J. H., mgr. dept. pub. relations, Seattle Nat'l Bank, Seattle, Wash.
 Moniteur des Interets Materiels, 27 Place de Louvain, Bruxelles, Belgium.
 Morgan, L. J., adv. mgr., 1st Nat'l Bank, St. Joseph, Mo.
 Morrish, W. F., vice-pres., Security Bk. & Tr. Co., San Francisco, Cal.
 Morrow, P. E., c/o Hackney & Moale Co., Asheville, N. C.
 Muller, J., 49 Sonneggstrasse, Zurich VI, Switzerland.
 Murali, H. de, sub-mgr., Union de Banques Suisses, Zurich, Switzerland.

N

Newton, E. V., mgr. new bus. dept., Garfield Svgs. Bank, Cleveland, Ohio.
 Norberg, P. G., Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden.

O

Oakes, R. W., asst. secy., Watertown Savings Bank, Watertown, N. Y.
 Overton, J. A., cash., Nat'l Bank of Smithtown Branch, N. Y.

P

Pleasants, W. S., Hibernia Bk. & Tr. Co., New Orleans, La.
 Powell, V. M., cash., Home Svgs. Bk., B'klyn, N. Y.
 Pratt, T. B., Henry L. Doherty & Co., 60 Wall St., N. Y. C.

R

Rankin, A. E., pub. mgr., Fidelity Tr. Co., Buffalo, N. Y.
 Raven, F. J., American Oriental Bkg. Corp., Shanghai, China.
 Reynolds, D. M., pub. mgr., 1st Nat'l Bank & Tr. & Svgs. Bank, Los Angeles, Cal.
 Rittenhouse, C. M., Farmers Loan & Tr. Co., N.Y.C.
 Ruff, W. J., cash., Luzerne Co. Nat'l Bank, Wilkes-Barre, Pa.
 Ryland, C., mgr. new bus. dept., American Nat'l Bank, Richmond, Va.

S

Schlenker, A., cash., 1st Nat'l Bank, Brenham, Tex.
 Schlater, A. G., Union Bank of Canada, 49 Wall St., N. Y. C.
 Scott, W., vice-pres., Virginia Tr. Co., Richmond, Va.
 Sellow, W. W., Albert Frank & Co., 14 Stone St., N. Y. C.
 Shoven, A. M., cash., City Tr. & Svgs. Bank, Kankakee, Ill.
 Sloan, L. H., Nat'l City Bank, N. Y. C.
 Smith, A. C., pres., City Nat'l Bank, Clinton, Ia.
 Smith, A. T., mgr. special serv. dept., Industrial Svgs. Bank, Flint, Mich.
 Staker, F. M., mgr. pub. dept., Commerce Banks, Kansas City, Mo.

Starkweather, C. H., treas., Danielson Tr. Co., Danielson, Conn.
 Stein, R., asst. cash., American Union Bk., N. Y.
 Stoner, J. H., pres., Peoples Nat'l Bank, Waynesboro, Pa.
 Stover, J. C., secy.-treas., Indiana Svgs. & Loan Ass'n, South Bend, Ind.
 Streicher, J. H., New Bus. Dept., Com'l Svgs. Bank & Tr. Co., Toledo, Ohio.
 Sutton, F. T., pub. mgr., Mercantile Bank of the Americas, N. Y.

T

Tait, A. G., pub. mgr., Royal Bank of Canada, Montreal.
 Taylor, C. E., Jr., pres., Wilmington Svgs. & Tr. Co., Wilmington, N. C.
 Thomson, E. H., pub. mgr., Washington Loan & Tr. Co., Washington, D. C.
 Thurston, W. B., Jr., mgr. for. dept., Merch. Mechanics 1st Nat'l Bank, Baltimore, Md.

V

Van Blarcom, W., asst. cash., 2nd Nat'l Bank, Paterson, N. J.
 Van Leer, E. S., Metropolitan Tr. Co., N. Y. C.

W

Wadden, J. W., pres., Sioux Falls Nat'l Bank, Sioux Falls, S. D.
 Wadden, F. A., vice-pres., Lake Co. Nat'l Bank, Madison, S. D.
 Wallace, T. H., Farmers & Mechanics Svgs. Bank, Minneapolis, Minn.
 Wells, G. T., asst. cash., Denver Nat'l Bank, Denver, Colo.
 Williams, F. H., treas., Albany City Svgs. Institution, Albany, N. Y.
 Williams, J. E., asst. cash., Third Nat'l Bank, Scranton, Pa.
 Williams, J. L., vice-pres., Woodside Nat'l Bank, Greenville, S. C.
 Winship, A. L., vice-pres., Nat'l Shawmut Bank, Boston, Mass.
 Withers, C. K., pub. mgr., Mechanics Nat'l Bank, Trenton, N. J.
 Woolford, Withers, Bank of America, 40th St. & Madison Ave., N. Y. C.

Z

Zambrano, A., Jr., c/o A. Zambrano e hijos, Apartado No. 6, Monterrey, N. L., Mex.
 Zimmerman, F. A., treas., Chambersburg Tr. Co., Chambersburg, Pa.
 Zimmerman, P. E., cash., Oak Park Tr. & Svgs. Bank, Oak Park, Ill.



NEW NAMES

Heuchling, F. G., vice-pres., Northwestern Trust & Svgs. Bank, Chicago, Ill.
 Zimmer, C. R., 1st Nat'l Bank, Emporium, Pa.



Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Sell Your Own Foreign Drafts

New-coming immigrants continue to expand the outward tide of American dollars. Changed into francs, lire, pesetas, kroner and drachmas, much of their savings goes to Europe for the support of relatives, for deposit and for investment.

To satisfy these demands and to meet the needs of exporters and importers, bankers in every locality are developing their facilities for selling checks and letters of credit, for handling mail and cable remittances, over-seas credits and collections and all the other activities of an effective foreign banking department.

In organizing and supplying these services, Irving correspondents find the Irving Drawing Equipment of immediate use. It enables them to issue drafts and to effect postal remittances on their own forms, payable by any one of the Irving's correspondents in five thousand towns and cities over-seas. It includes foreign language signs, a daily rate sheet and reports on changing conditions abroad.

IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK





For your customers who are going abroad

THE advantages of The Equitable's Dollar Letter of Credit and special Travel Service Bureau are being advertised in national magazines whose combined circulation is over 1,500,000—the type of people who travel abroad for pleasure or business.

Among them are your own customers and other residents of your territory. We are telling them that this Letter of Credit—entitling them to the unusual convenience of a real foreign travel

service—may be obtained at their local bank—*your* bank.

If you wish to profit from this advertising, we are prepared to furnish you with our Letter of Credit *bearing the name of your bank*. We also will supply you in quantity with a *Book of Indication*, *Traveler's Code* and *Traveler's Primer*, the latter booklet also bearing your own imprint.

For further particulars write to our Foreign Travel Department, 37 Wall Street, New York.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

LONDON
3 King William Street, E.C.4

PARIS
23 Rue de la Paix

TOTAL RESOURCES OVER \$300,000,000

Practical Developments in Edge Law Banking

By Philip B. Kennedy

Vice-President First Federal Foreign Banking Association

(Address delivered at the Eighth National Foreign Trade Convention, Cleveland, Ohio)

FOREIGN trade has been going through a period of readjustment for over a year and difficulties have come quite generally to our export merchants and exporting manufacturers. Our government foreseeing that the rest of the world was soon going to have trouble to pay for our goods passed the Edge Law, which was specially designed to meet this situation. Widespread and serious attention has been given to its possibilities, and most business men know at least in a general way of its objects and provisions.

Owing to the fact that I have been associated with the management of an Edge Law Bank since the middle of last June, I have been asked to tell how it works in practice. Present experience to draw upon is necessarily limited because there are only two Edge Law banks actually in operation; the First Federal Foreign Banking Association, New York, and the Federal International Banking Company, New Orleans; one of which has had nearly a year's experience and the other several months' experience. My instructions in regard to this address are to be specific and not to generalize. In a Southern state a white man joined the crowd listening to a speech by a candidate for Congress and asked a negro nearby as to who was the speaker. The negro replied: "I don't know, boss, but he certainly am giving himself a powerful fine recommendation."

My belief in the special facilities of an Edge Law Bank to assist in our foreign trade has been confirmed by my direct experience with it. But my main object here is to make clear just how existing banks operate so that you will feel that Edge Law banking is real and tangible; and not merely a promising

theory. The test of the pudding, it is said, is in the eating.

Existing experience has not fully tired out the possibilities of the Edge Law because it has applied to only one of two kinds of financing which may be done by banks organized under its provisions. Such a bank may do either an acceptance business or a debenture business, but not both. The Federal Reserve Board ruled in its regulations that an Edge Law Bank may not have outstanding at the same time both acceptances and debentures except with the approval of the board. Later, when requested by one of the Edge Law banks for a ruling, the board held that a bank having outstanding acceptances could not issue debentures. This means that there will be two kinds of Edge Law banks. One kind will be an acceptance bank which will issue longer term commercial import and export credits to exporters and importers; the other kind will do a debenture business, which generally speaking means making long time loans to foreign countries. The first kind of Edge Law Bank will deal directly with exporters and importers, grant them lines of credit, take their foreign drafts for discount or collection, and do a general international banking business; the second kind of Edge Law Bank is not expected, except in unusual instances, to deal with individual importers or exporters, but is counted upon to improve general business conditions by making large capital loans abroad. It will therefore be seen that the two different kinds of Edge Law banks have distinct fields and cannot be said to compete with one another.

The proposed hundred million dollar corporation, according to public announcement, is to be of the debenture

type. Since it has not yet emerged from the promotion stage, no experience has thus far been had with debenture financing.

The debenture is a new type of security in the American investment market, and would have to be made generally known before regular sales could be counted upon. Since a new type of security would have to be popularized, there would be need, no doubt, for a large-scale undertaking. The acceptance market, on the other hand, has been effectively developed in this country for the past five years. Effective public-spirited, educational work by banks, with the co-operation of the Federal Reserve banks, has created a wide discount market for acceptances. According to recent figures from the Bulletin of the Federal Reserve Bank of New York there is now outstanding in the United States about one billion dollars worth of acceptances, of which only about 12½ per cent. are held by Federal Reserve Banks.

Acceptances of Edge Law banks are eligible for purchase or rediscount by Federal Reserve Banks, and are therefore a liquid investment. Edge Law banks have been given the special privilege of issuing acceptances up to a year in tenure. These longer term acceptances are issued in accordance with the regulations of the Federal Reserve Board. Although national and state banks may create acceptances up to six months, generally speaking, these banks prefer to confine themselves to not over ninety days. Since these banks have demand deposits which Edge banks have not, it is quite obvious as to the reason why they prefer the shorter period. They desire to keep their funds more liquid. Logically Edge Law banks are adapted to making acceptances up to a year. That there is a special field for Edge Law banks in making commercial credits for from three months to twelve months is evidenced by the fact that leading commercial banks have recently referred this kind of business to Edge Law banks.

There is a reasonable amount of business offering in this zone of three

months to a year. American exporters find that there are special conditions which justify credit to their foreign customers of this period. Our producers have the goods stored here or they can produce them. It may be a question of cutting down the working of a plant to 25, 50, or 75 per cent. capacity, or of extending longer credits to foreign buyers. There may be no question that the American goods are needed abroad. The foreign trade connections may be experienced and the moral risk first-class. Payment will be possible when the exported articles have been turned into money. Not all foreign business should carry three to twelve months financing by the American shipper. A large portion should be for under ninety days and plenty could wisely be done on long terms such as 3, 5, 10, or even 25 years. There is, however, a material amount of foreign business which is logically suited on economic grounds to the period of three to twelve months. Those who generalize about the length of the economic cycle required, cannot get very near to the truth. So much depends upon the speed of transportation, port congestion, quickness of selling in the foreign country, activity of industry and other factors that it is a rash man who will generalize. Foreign commerce is not today running smoothly. There are many reasons why productivity is delayed. The American shipper, if he cares about his foreign markets, must adapt his credits to the special condition of his foreign customers. He has long been asked to adapt his product or to adapt his packing. Now in the interrupted state of international commerce, with inevitable slowing-up, common sense dictates that he adapt his credits.

This is not a generalization advising long credits. That is bad advice. Credits should be as short as possible. There are, however, cases where longer credits are good business and other cases where it is either longer credits or no business. It is poor policy to take shelter behind slogans or excuses. This is pre-eminently a time when individual transactions must be worked

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Relations with Banks

IN connection with domestic and foreign business we desire to co-operate with American institutions and to extend to them the benefits of a wide experience in financing trade, or in the selection of institutional or individual investments.

A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
LONDON, E. C.

Office for Travelers
123 Pall Mall, LONDON, S. W.

out for the present, and let us not forget for the future. We must keep the American foreign trade flag flying.

Edge Law banks are specially adapted to help American shippers work out the extension of foreign credits which will be safe and at the same time get the business. One factor has already been mentioned, that of longer credits which can be extended. Another factor is that an Edge Law Bank is a specialist. Its entire business is foreign, and in this it is almost unique among American banks. It takes continued negotiations and very careful working out to perfect longer credit arrangements for shipments of American raw materials. It would be presumptuous as well as untrue to say that Edge Law banks had any exceptional expertness. The point is that the very fact of specialization should give these banks a certain skill. Take, for example, cotton. The two Edge Law banks have together worked out a method of financing the export of a certain amount of

low-grade cotton to Europe. Shipments have been made. Further plans are being worked out to move some more of the Southern cotton to the other side on a sound credit basis. National and state banks encourage this special attention to meeting a problem of general importance.

Take another example. Two large New York banks with highly organized foreign departments referred a flour broker to an Edge Law Bank. This flour broker wished to sell flour to a certain European country on six months credit terms. The national banks said that the transaction was somewhat unusual and further that the length of the credit was too long to interest them. The Edge Law Bank was ready and willing to handle a six months credit. Weeks were taken in negotiations with the foreign government, in which the bank took a leading part. It was finally worked out so that responsible millers were willing to ship and draw on the bank with recourse on them.

Both the cotton and flour people stood behind their credits, but these transactions were in such shape that they felt that they safely could do so. There is nothing peculiar in the character of an Edge Bank which will enable it to do financing without good security. It cannot work miracles and bring back the war days by paying cash in unlimited quantities to American shippers without contingent liability to them. Government credits which made this possible have run dry and cash without recourse business is scarcer and scarcer. Our producers do not wish to send their cotton, flour, wheat or general merchandise out to foreign countries unless they can receive their money. They will, however, assume a contingent liability where they are facing a reasonable credit risk, and they ought not to do it otherwise. If Edge Law banks can assist to work out means of foreign financing which will give a reasonable credit risk, they will have a real working place in our banking system as well as serving the general good.

Although Edge banks ought to take energetic steps to help finance the overseas shipments of our great staples, this is not their only business. They also offer credit facilities to the individual shipper. This does not mean that they are trying to take manufacturers or export merchants away from their regular deposit banks. Such relations are not disturbed because Edge banks do not receive deposits except such as are incidental to foreign transactions. The Edge Bank does not predicate its accommodation to an exporter on the basis of his deposit balance. It asks for no deposit account, but extends its special foreign facilities at net cost.

Although the acceptance method of extending credits has been clearly explained by bankers many times, it is always safe to explain it again. There are still many experienced importers and exporters who know of the general theory of bankers acceptances but are not familiar with the banking procedure required.

The exporter turns over his documentary draft to the bank in the usual

way. He has drawn on his foreign customer on terms as agreed and attaches negotiable bills of lading, invoices, insurance certificates and other necessary documents. This documentary draft is to be sent abroad by the bank for collection. The exporter then draws a second clean draft on the bank for the face amount due him. The bank discounts this and immediately gives the exporter a check for the amount. When the proceeds of the foreign collection are received the advance made to the exporter by the bank is paid off. A banker's acceptance is therefore said to be self-liquidating.

When the bank honors the clean draft drawn on it by the exporter it places a stamp across the face of it which states that it is "Accepted" and will be paid at a named place. This is signed by duly authorized officers of the bank. At maturity the bank must pay it. If the bank should fail the exporter whose name is on it would have to pay.

The tenure of a banker's acceptance should be long enough to cover the period from the shipment of the goods to the return of funds. For example, let us assume that a bill of goods is to be shipped to Buenos Aires on sight terms. The bank would figure that it would take about ninety days for the goods to reach Buenos Aires and for the draft in payment to come back. The bank would accordingly ask the exporter to draw on it for ninety days sight and would discount interest for this time.

The purpose of creating a second draft which the bank accepts is to enable a bank to refund itself. The money which the bank advances the exporter on his foreign collection is immediately got back by the sale of the covering acceptance.

The bank knows that this acceptance will not have to be paid until due date; if the proceeds of the foreign collection have not been received prior to this date, the drawer, that is the exporter, is notified to put the bank in funds to meet the acceptance.

In order to show how an individual firm would take up business an actual example will be followed through. A

middle-western manufacturer of machinery with a well-developed foreign business has had a request from a trusted agent in a Scandinavian country for six months' credit terms on account of the difficulty of immediately getting in cash for his sales. The manufacturer had known about the Edge Bank. He went to one of his New York correspondent banks and was introduced by one of its officers to the Edge Bank. First he inquired if this longer term financing could be arranged and was told that it could. He said that he would communicate with his agent in Scandinavia and at the same time with his agents in several other countries to see what orders they would place on four to nine months' credit. In the meantime he asked the bank to investigate the credit position of his company and furnished a copy of his recent financial statement, together with banking and trade references. The bank made an investigation much the same as any other bank would make as the basis of extending credit. There were a number of interviews and certain correspondence. At the end of about two months the manufacturer, having heard from his foreign agents, had made up a list of the foreign credits longer than the usual three months which he would like to extend. On this he estimated the size of the line he could use. As a final check he asked the advice of his New York correspondent which had given him his introduction. When his bank offered no objection he asked the Edge Bank for a line. This was approved. He then studied the acceptance agreement which is always signed in connection with acceptance credits; after fully learning its meaning he signed it. Signature authority was furnished in the usual way. He also went very carefully into the matter of procedure, never having used acceptance credits before. There was nothing new about turning over the documentary drafts for collection because this was similar to what he was accustomed. The only new feature was how to make out the acceptance draft. This he was told should be drawn to "our-



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selves," signed by his company and also endorsed by his company. For drawing on the bank he was given a supply of the bank's drafts made up specially for this purpose. He finally arranged that checks in payment of his acceptance drafts should be deposited to the credit of his company with his regular New York correspondent bank. Once these preliminaries were arranged the business went on as regular routine.

There is nothing particularly unusual in this banking procedure. In foreign business of this kind a great deal depends upon the careful attention given by the bank to the customer's foreign collections. Great care has to be taken, especially at present, to properly carry out these collections and protect the customer's interest. The Edge Bank has as its foreign correspondents leading banks in other countries and is in close touch with foreign

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Cedar and William Streets, New York

Cable Address: *Frenambank*

Organized under the Banking Laws of the State of New York and under the provisions of the Federal Reserve Act

Capital: \$2,000,000

Fully Paid Up

Surplus: \$500,000

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We solicit deposit accounts in foreign currencies and are equipped to render the following banking services: Discounting of Drafts—Collections—Issuing of Letters of Credit—Telegraphic Transfers—Opening of Clean and Documentary Credits—Acceptance Credits—Exchange Transactions—Collection of Coupons—Execution of Orders on the Paris Bourse or the London Stock Exchange.

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President First National Bank of
Boston

conditions. Its advisory management committee is made up of practical bankers who are officers in old established banks which own its stock. It is probably unnecessary to emphasize that efficient foreign banking depends in a large degree upon capable management.

Emphasis has been put on acceptance credits of over ninety days because this facility is one for which Edge banks are particularly fitted. At the same time, Edge banks have done a considerable volume of acceptance credits for ninety days or under. Firms outside of New York have found it useful to employ an Edge Bank for their foreign business, confining their deposits to their regular domestic banks. Or firms which use several large national or state banks for foreign business have found it of advantage to supplement these facilities by giving part of their business to an Edge Bank. In the long run, business depends upon the quality of

service. Edge banks will be able to compete in regular foreign banking business according to their efficiency and also according to the confidence and good will of other banks. The demand for credit is so great today that old established banks welcome an Edge Bank which is willing to co-operate and ready to return assistance rendered. This is, of course, particularly true in the case of the banks which won stock in Edge banks and receive returns in the form of dividends on their investment. These banks are also glad to be able to put their own customers in the way of receiving additional foreign facilities through an Edge Bank, while retaining their deposit accounts and regular business.

The reason that I have been asked to make this frank statement about the business actually being done by existing Edge banks is because the development of Edge banking is of general import-

ance to our foreign trade. Only a modest start has been made. It is, however, full of significance for the future. American foreign trade has had a great deal of talking to during the past few years, and has profited by it. It is significant of the spirit of men in our export trade that one of them recently published a little book on foreign trade problems, in the front of which was this dedication: "To the man who knows all about exporting." At the end of this line was a star, which referred to a foot note. This foot note was: "Died yesterday."

We would still have much to learn about export merchandising and financing were times normal. But they are not normal. The world's economic situation is undergoing great changes. We do not need to take seriously any talk about throwing away our opportunities in the foreign market. We have a surplus of both raw and manufactured products which must be marketed abroad where they are needed. We have to build for the future along sound, economic lines. It is during difficult times such as the present that efficient methods are developed. Governor Harding's "Working back to normal" is a good slogan, especially if we bear

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This bank has grown with New Orleans since 1870, and because of its long experience and broad service, is well prepared to handle *your* Southern business economically and efficiently.

Hibernia Bank & Trust Co.

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New Orleans

in mind to utilize new methods as new conditions demand.



Industrial Mexico

By W. F. Gephart

Vice-president First National Bank in St. Louis

MANY years ago, Humboldt stated that Mexico was a beggar sitting on a pile of gold. This description is yet largely true, notwithstanding the great progress which has been made in Mexico since the time of Humboldt. However, the actual development of the natural wealth of this country has scarcely begun.

It is easy for the superficial observer and the casual visitor either to be too enthusiastic or too pessimistic about

Mexico. The social and industrial customs and organization of a people are not quickly changed and a generation gives one but an imperfect basis for judging as to the future.

AGRICULTURE AND INDUSTRY

Mexico is a land of contrasts. Wealth and poverty are found side by side. Barren deserts and fertile valleys, palaces and hovels are seemingly in incongruous relation. It is a country

BANCA ITALIANA DI SCONTO

Head Office and Central Management: ROME

Capital and Reserve	-	-	-	Lire	383,000,000
Total Assets over	-	-	-	"	8,400,000,000

LONDON *Clearing Agents*: Barclays Bank Ltd.

New York - Italian Discount & Trust Co.

Massowa - Banca per l'Africa Orientale

Tiflis - Banca Italo Caucasica di Sconto - Rome

Zara - Banca Dalmata di Sconto

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of great natural endowment. The climate makes possible not only the growing of a great variety of crops but also, in many sections, a continuous production throughout the twelve months in the year. Crops succeed crops and, indeed, in some cases two crops may be grown at the same time on the same soil. There is an abundant wealth of valuable woods in her forest lands. Enormous riches are found in her mines of copper, silver and gold, not to mention her wealth in that most valuable commodity of the twentieth century, oil. But all this natural wealth needs large amounts of capital, efficient business organization and skillful labor for its proper development.

TRANSPORTATION

One of the greatest needs in Mexico is better transportation facilities. These great natural resources await and invite more railways and better roads. No other industrial agent was so much responsible for the rapid economic development of the United States. Mex-

ico has about 15,000 miles of railway. The road bed is in most cases rapidly being placed in good condition. The great need now is for more rolling stock and especially locomotives. Much freight has accumulated at the entry ports but this is beginning to move to its destination.

Notwithstanding the many years of political disturbances, the actual destruction of property visible to the stranger, as he passes through the country and visits the cities, is very small. Indeed, in the capital, Mexico City, where there has been much strife between contending parties, one needs a good guide to distinguish actual physical evidences of these conditions. The industrial and social life of the city seemingly proceeds as in any city of the United States. The surface evidence is that of a tranquil community.

FINANCE AND BANKING

Mexico has a somewhat complicated banking and financial situation. The national debt is in itself not very large,

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Capital Authorized and Subscribed . . .	\$15,000,000 (£3,000,000)
Capital Paid-up . . .	5,250,000 (£1,050,000)
Reserve Fund and Undivided Profits . . .	5,730,000 (£1,146,000)

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The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application.
 Fixed Deposit rates quoted on application.
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NEW YORK AGENCY, 64 Wall Street

either as measured by the potential wealth of the country or in comparison with the actual revenue of the nation, which may be obtained under normal conditions. The interest on this debt has been in default for several years but it is scarcely probable that any stable government will do other than acknowledge this debt and make every effort to pay all legitimate claims which may be filed by citizens of other countries for injury to their property. Public finance seems, therefore, to present no insurmountable difficulties. No doubt many diverse claims will be presented to the government for damages suffered and losses incurred by individuals and corporations during the disturbed times and it will require diplomacy to adjust these claims in order to arrive at a fair measure of justice to the people of Mexico and the citizens of foreign nations.

The situation as regards private finances, banking and credit is very complicated. There is at present no credit money in Mexico. All business is done on a metallic basis, gold not only being the standard of value but also circulating along with silver and the subsidiary coins. This is at once both an advantage and a disadvantage. It is an advantage in that Mexico unlike many other nations, such as Russia and other European and South American countries, has no problem of a depreciated paper currency. The numerous kinds of paper money which came into existence during the disturbed times have all been forgotten. Yet it is im-

possible to conduct the industry and business of a modern nation without some form of credit money. The daily transactions of buying and selling are greatly handicapped by the necessity of using metallic coins. But what is more serious is that there is not at present any credit system as we know it. Public and private banks find it difficult to conduct anything approximating modern commercial banking. Many banks closed during the disturbed periods, a number failed, and others were taken over by the government. The people withdrew their deposits and hoarded them, leaving in many cases only the inadequate supply of the capital in the bank for loaning purposes.

Interest rates were and are very high. Ordinary commercial loans, as we know them, are only made under unusual conditions and in limited amount. Much speculation is found. In short, credit as it is known in a modern industrial and business sense scarcely exists. However, both the public and private financial situation seems to be improving and as greater political stability is assured these systems will be rehabilitated. One is surprised that the country supports the volume of business that it does. There are many responsible firms in Mexico to whom foreign houses are granting credit. Care needs to be exercised to secure the most reliable information before this is done just as in selling to any foreign country.

Mexico must have foreign capital to bring prosperity to her people. She has ample wealth to pledge as security

Import and Export Shipments Financed

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for the use of this foreign capital but she very properly wishes to share in the benefits which come from the exploitation of her industrial opportunities. Other nations, including our own, have a vast fund of experience in this exploitation of natural resources and Mexico may well benefit from the lessons which we have learned.

The economic system of the world is yet one of private property and the inviolability of free contract under whatever limitations that are established

by the state. Capital under this system is not sentimental and goes to that place for investment and use where it can secure the best protection and return. If on the one hand, no one is justified in criticising Mexico in taking every precaution to secure for her own people a proper return on this exploitation of her wealth, so on the other hand, Mexico must realize the necessity for properly protecting the capital investments of the people of foreign nations.



Some Would Avoid Letter of Credit Liability

ACCORDING to a current issue of "Foreign Trade," the monthly publication of the foreign banking and trade department of the Webster and Atlas National Bank of Boston, certain American importers have recently shown a tendency to

strike at the foundation of their import trade by attempting to take advantage of technicalities in order to escape liability for foreign goods bought under a confirmed letter of credit.

"With a falling market, this may be natural," the report says, "but it can-

not help but have an unpleasant effect upon import trading relations with foreign suppliers.

"Commercial letters of credit are comparatively new to many American merchants, having only been used extensively since 1914, and until three months ago on a rising market. If America is to hold the commercial supremacy attained in the last six years, it is absolutely necessary that a commercial letter of credit be held inviolate.

"It should be clearly understood that if the routine specifications called for by the letter of credit are complied with, the bank has no alternative but to pay drafts presented against the confirmed credit. In case of breach of contract, the importer may have cause for action against the exporter, but recourse cannot be had through cancellation of the bankers' confirmed credit, except with the consent of all parties interested.

"This point has been brought out in recent litigation. In cases before the Supreme Court of New York County, the appellate division of the Supreme Court and the United States Court of Appeals, it has been uniformly held that an irrevocable letter of credit is a complete and independent contract between a seller of goods and the bank on which he is authorized to draw, and banks are not within their rights in refusing to

PARK-UNION
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Arrangements made with us before sailing will insure funds when needed, in whatever part of the world you may be, without delay and without the inconvenience and risk of carrying large sums of money.

Capital (fully paid) - \$4,000,000
Surplus and Undivided
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accept drafts under duly confirmed letters of credit. These decisions have been reached irrespective of breaches of contract concerning quality of goods or delays or omissions of shipment, etc."



War Debt Cancellation Urged

A RECENT circular published by C. F. Childs and Company, New York, contains the following interesting argument in favor of cancellation of the international war debt.

CANCELLATION OF THE ALLIED DEBT
 WOULD BE THE GREATEST POSSIBLE
 PANACEA

"Present opinion is partly biased and divided as to such a bold stroke as to cancel our fighting partners' debts

to us, in spite of the fact that it would instantly correct the chief ailment and distress which beset the entire world. To consent to a mutual cancellation of the debt today would start up the commerce of all nations but if that cancellation or its equivalent is deferred five, ten, or even twenty-five years before we realize our mistake, we will in the meantime have paid the penalty and probably sacrificed our business prospects and foreign trade by many times the total amount of the debt.

Rotterdamsche Bankvereeniging

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The Hague

Capital and Reserves . f110,000,000

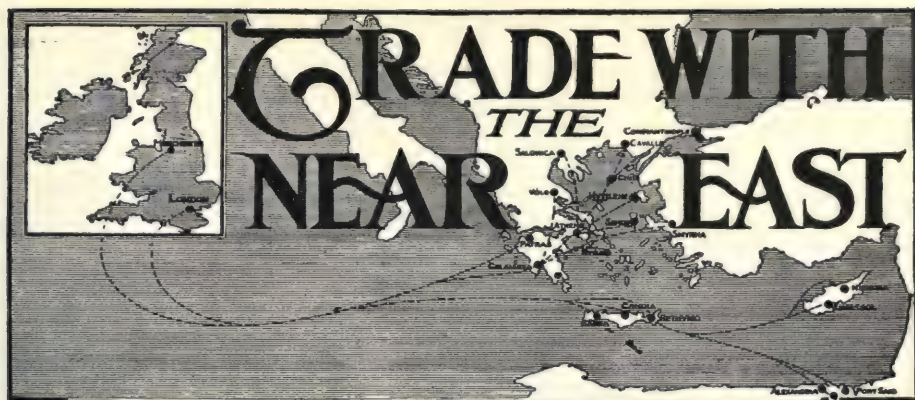
Every description of banking business transacted, including the making of collections, the issuance of travellers' letters of credit and documentary letters of credit, buying and selling of foreign exchange and of stocks and shares.

Our large capital and complete organization enable us to handle all matters entrusted to our care with efficiency and promptness.

"After we entered the war we promised we would contribute any sum needed to win. To sustain the efforts of our allies, England suggested that we should lend directly to France and Italy, instead of lending to those countries through England as an intermediary. We insisted, however, that England should assume the obligation for our advances and she acceded to our wish. The credits we then extended no doubt made victory possible. What is our attitude today? In effect we state, "We are not going to ask a cent from our enemies, but we are going to demand the last dollar from our friends and Allies." The Chancellor of the British Exchequer recently said, "We shall meet our obligations and are making preparations to do so."

"What sort of a situation will our attitude produce? If the annual interest alone on the Allied debt is \$500,000,000, or say, \$5.00 per capita of our population, is it to our advantage to receive that \$5.00 annually at the ex-

pense and loss of our European trade, causing a congestion of our agricultural products, a slowing down of our industries, with men and factories idle? Who benefits by the \$5.00 under such conditions? Certainly not the American people. If we want lower wages and hard times, then we should demand the full payment of the Allied debt which will force the Europeans to pay us with their goods and products. We will thereby keep down Europe's standards while we try to elevate our own. It is the old game of trying to lift ourselves by our own bootstraps. Europe must produce more and cheaper goods than we do in order to have anything to sell and they must be sold in competition against us if Europe is to pay us off. In fact Europe's goods are bound to be sold to us, for we are the best market today in the world and the one where the highest prices prevail. Europe cannot afford to buy other than the barest necessities from us, hence our exports will not be in demand. High-



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priced, tariff-nurtured products will back up against us and stagnate our industries. In the end we will have lost enough business to more than offset the entire debt. Although our Allies will sell in our high-priced market on a large scale, they will buy as little as possible from us if we legislate against them with a tariff. As the matter now stands, the whole burden of receiving payment of the allied debt will be thrown upon our manufacturing industries resulting in the destruction of many of them, whereas the net cost of debt cancellation would be relatively imperceptible through being pro-rated over the whole country. In any event a vast amount of foreign products will have to be absorbed by America to offset several billions of private credits already extended to Europeans and to pay for whatever they buy from us. To direct against our industries the additional flood of manufactures necessary to counterbalance our wartime ship-

ments of ammunition and commissary supplies expressed today in terms of the Allied debt, will only make our present industrial stagnation worse and more permanent. When our foreign customers are hard pressed to pay even for those American products which they must have in order to exist, and when their purchases from us are five millions a day less than they were a year ago, it becomes difficult if not impossible to keep American factory workers employed.

"We have emphasized above the advantages of a purely domestic nature which would follow upon debt cancellation or deferment for twenty-five years without interest. The political advantages for our nation are also important. We can create an asset of good will for American exports hardly obtainable in any other way. The policy of non-participation in the tangle of European affairs which the American people upheld last November will doubt-



BANCO DI ROMA

ESTABLISHED 1880

HEAD OFFICE: ROME, ITALY

Capital paid up and Surplus . Lit. 170,000,000.00

Resources Lit. 5,000,000,000.00

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Bagni di Lucca	Crema	Calabria	Sansevero
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Caltagirone	Frascati	Palermo	Terranova di Sicilia
Camaiole	Frosinone	Pallanza	Tivoli
Campiglia Marittima	Galliciano	Paranzo	Turin
Canale	Gallipoli	Perugia	Torre Annunziata
Canelli	Genoa	Piadena	Torre dei Passeri
Carate Brianza	Giugliano in Campania	Pietrasanta	Torre Pellice
Carloforte	Grosseto	Pinerolo	Trento
Carru'	Gualdo Tadino	Piombino	Trieste
Casalbuttano	Gubbio	Poggibonsi	Velletri
Castellamonte	Intra	Pontecagnano	Viareggio
Castelnuovo di	Ivrea	Pontedera	Viterbo
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COLONIAL BRANCHES

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England: London. France: Paris, Lyons. Spain: Madrid, Barcelona, Tarragona, Mont-blanch, Barlas Blancas, Santa Coloma de Queralt, Valls. Switzerland: Chiasso, Lugano, Turkey: Constantinople. Malta: Valletta. Asia Minor: Adalia, Smyrna, Scalanova, Sokia. Syria: Aleppo, Beyrouth, Damascus, Tripoli. Palestine: Jerusalem, Caiffa, Jaffa.

AFFILIATED INSTITUTION IN EGYPT

Banco del Levante—(Capital £1,000,000)

Alexandria	Mansourah	Beni Soueff	Fashn	Magagha	Mit Gamr
Cairo	Tantah	Bibeh	Fayoum	Mehalla Kebira	Zagazig
Port Said	Beni Mazar	Dessouk	Kafr El Chelkh	Minieh	

American Representative

RODOLFO BOLLA, 1 Wall Street, New York

中法實業銀行

Banque Industrielle de Chine

Capital Subscribed . . .	Francs	150,000,000
Capital Paid Up . . .	"	75,000,000
Surplus and Reserves . .	"	104,000,000
Deposits	"	1,120,000,000

The Chinese Government owns one-third of the Capital

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Central Office, Far East: Peking

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Saigon
Haiphong

Hanoi

Phnom-Penh

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CHINA

Peking
Canton
Foochow
Hankow

Hongkong
Swatow
Shanghai
Tientsin
Tsinanfu
Yunnanfu

JAPAN

SIBERIA

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DUTCH EAST INDIES

UNITED STATES

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O. J. THOMEN, Agent.

less not be changed despite the renewed invitations of our Allies; but by canceling Allied debts we can accomplish at a stroke what will do the most to make our future interference unnecessary, present European political opinion notwithstanding. Let those who decline to surrender our claim without some offsetting benefit, remember that while our government will not interfere in purely European disputes, it will uphold its rights as a co-belligerent regarding mandates, use of German cables, etc., while adopting an enlightened financial policy designed to assist Europe to restore her credit and her former self-supporting activity. This recovery can be consummated if our readiness to forgive or defer the Allied debts is predicated upon the adoption of enforced economies in governmental expenditures by our former Allies. Also, European labor must be made to realize that its only hope of benefiting by the wave of new enterprise following upon such a settlement is to put

forth honest effort. Finally, the disheartened European manufacturer of today must be shown that there is a definite promise of reduced taxes in America's action. It will take little more than this, and the assurance of a supply of American raw materials, to induce the owner of an idle factory to take down his shutters and resume operations, even if he is obliged to mortgage his last free asset to obtain cash for his payroll. Europe's buying-power depends upon how soon she can "get busy." How else can America collect what is due her citizens if this is not done, and how can it be done without easing up on the Allied debts which stifle enterprise? Can it longer be doubted that ordinary business considerations favor outright cancellation, or at least wiping the obligations of our Allies off the slate for a period of twenty-five years or more? We have yet to hear a valid argument to the contrary from any banker.

Bank of British West Africa

Head Office, London



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Capital Subscribed .

Capital paid up . . .

Reserve Fund



(¥0.50=1 Yen)
 . . Yen 100,000,000
 . . Yen 100,000,000
 . . Yen 53,000,000

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San Francisco

Los Angeles

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This bank is in a position to render direct banking service through its branches and agencies in connection with commerce between the countries of the Orient and the United States.

Complete facilities for all kinds of banking transactions in the Far East, including the purchase, sale and collection of bills, issuing of drafts and letters of credit negotiable in all parts of the world.

NEW YORK OFFICE

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120 BROADWAY

Foreign Trade Financing Corporation to Open Soon

THE Foreign Trade Financing Corporation is likely to be in operation within sixty to ninety days, according to reports in New York banking circles. One of the most unique and far-reaching campaigns in the history of American banking has been conducted in the interest of this corporation having for its object the efficient financing of American foreign trade.

John McHugh, vice-president of the Mechanics & Metals National Bank, New York, is given credit for the development of the organization plans. As chairman of the committee of commerce and marine of the American Bankers Association in 1919 and 1920, he saw the need of the development of an adequate agency with ample capital which could extend long time credits to

foreign buyers of American products. He believed that unless some such action was taken, the foreign trade of the United States would languish because of foreign exchange conditions.

A conference was held in Chicago in December of last year at which 500 bankers and business men were present. This was the beginning of active organization plans. Since that time a great publicity campaign has been conducted in American and foreign newspapers and magazines. Prominent bankers and business men have enlisted as speakers, addressing important conventions throughout the United States.

As the result of this campaign, which impressed upon the business community the seriousness of the foreign trade situation of this country, widespread

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Capital \$4,000,000

Surplus and Undivided Profits more than \$2,000,000

An American Bank
for Trade with the Orient

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This Corporation invites conferences with those desirous of entering into trade relations with China or other sections of the Orient, as well as with firms who wish to extend their business with those countries.

support has been given to the corporation.

The slump in business in the United States had aided the campaigners considerably as it was recognized that an outlet for American surplus products must be found abroad if this country was to continue prosperous. It was pointed out that long-term credits must be extended if European buyers were to be found for American products, as the depreciated currencies caused by war inflation in the various countries on the other side rendered impossible the financing of shipments on the short term credit basis hitherto prevailing.

It is understood that the corporation will open for business without the full capital of \$100,000,000 having been subscribed. Estimates on the amount already subscribed range from \$25,000,000 to \$50,000,000.

W. P. G. Harding, chairman of the Federal Reserve Board, some time ago was offered the presidency of the For-

eign Trade Financing Corporation. The corporation will be operated under the supervision of the board.

Great Britain

BUDGET SHOWS DEBT REDUCTION

The new budget introduced in the House of Commons recently by the British Government shows a reduction in the national debt during the last year from £7,820,000,000 to £7,573,000,000. The foreign debt has been cut from £1,278,714,000 to £1,161,560,000. Great Britain has reduced in the last year her debt in the United States by nearly £75,000,000, which includes her half of the Anglo-French loan liquidation. She now owes in the United States and Canada £826,000,000, but has paid

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off her debts in Japan, Argentina, Uruguay and Holland.

The changes in taxation announced are unsensational. The excess profits duty, as had been promised, is dropped on the ground that it hampers trade, and the duties on imported cigars and sparkling wines which had turned out to be prohibitive, and so unremunerative, are reduced. Cigars from May 10 will be free of surtax and will pay only 15 shillings 6 pence per pound. The heavy income tax of 6 shillings in the pound remains unchanged.

Mr. Chamberlain expects to realize a surplus of £84,127,000, but warned the House that it might be largely reduced by claims impossible now to estimate.

The leading British papers attacked the money raising plans of the Chancellor of the exchequer bitterly on the ground that the present low level of business activity would make the heavy taxation planned by the Government too burdensome.

BANK OF ENGLAND RATE REDUCED

The Bank of England reduced the bank rate to $6\frac{1}{2}$ per cent. at the end of April. For the last twelve months—since April 15, 1920—it had remained at 7 per cent.

The reduction was a concession to the traders and advocates of cheaper money, and it came somewhat unexpectedly. It had been thought that the authorities would await a decision of the coal dispute and the outcome of the deliberations of the Allied Supreme Council on Reparations before making a move. The anxiety to ease conditions for the commercial community and the weight of favorable factors, however, influenced the directors of the bank. Their decision is expected in financial quarters to be followed by another reduction in the near future.

The discount market immediately adjusted its rate to coincide with the

bank rate, while bankers considered the advisability of lower deposit rates.

The reduction in the Bank of England rate was the ninth change made in the bank rate since the European war began on August 1, 1914. On July 29 of that year the London bank rate stood at only 3 per cent. When war suddenly appeared to be growing inevitable, the bank rate was put up to 4 per cent. on July 30, and to 8 per cent. on July 31. On August 1, the day of the war panic, the rate was advanced to 10 per cent.—a rate which had not been touched since the Overend-Gurney panic of 1866.

On August 6, when the war panic was partly allayed, the rate was put down again to 6 per cent. and on August 8 to 5 per cent., at which figure it remained until July 13, 1916, when a 6 per cent. rate was re-established. In January, 1917, it was reduced to 5½ per cent. and in April, 1917, to 5, at which the bank rate stood until November 6, 1919, when it was advanced to 6 per cent. The 7 per cent. rate was fixed on April 15 last year, and had not been changed until this time.

France

PROSPEROUS YEAR FOR COMPTOIR NATIONAL D'ESCOMPTE DE PARIS

The annual report of the directors of the Comptoir National d'Escompte de Paris for the year ended December 31, 1920, presented to the stockholders on April 28, 1921, shows that in spite of universal business depression prevailing during the greater part of the last year, net profits, after providing for all bad and doubtful debts, reached Frs. 28,586,741.88 against Frs. 18,115,754.53 in 1919.

The annual dividend rate was raised to ten per cent. on the increased paid-up capital of Frs. 250,000,000, against the rate of eight per cent. paid in 1919 on a capital of Frs. 200,000,000.



MAURICE SILVESTER

Representative for the Comptoir National D'Escompte de Paris in United States and Canada

Total resources as of December 31, 1920, are Frs. 4,212,061,053.44 and deposit and current accounts aggregate Frs. 3,531,521,144.95. Cash on hand and at Bank of France amount to Frs. 386,520,584.31 and bills receivable (eligible for rediscount at the Bank of France) to Frs. 2,654,031,385.73, indicating a strong and liquid condition.

Paul Boyer is chairman of the board, and Georges Labrousse, Maurice Lewandowski and Edgar Llewellyn are managers.

Copies of the full report, which affords interesting reading on present-day economic problems, may be obtained from the bank's representative for the United States and Canada, Maurice Silvester, 46 Cedar Street, New York.

THE FRENCH SITUATION

Encouraging progress by the French people in their commercial, industrial and economic rehabilitation was re-

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Reserve Fund \$15,000,000

HEAD OFFICE:
Toronto, Canada

NEW YORK AGENCY:
16 Exchange Place

ported by Jean Velay, representative in Paris of the Irving National Bank of New York, who recently arrived in this country on a three-weeks' business trip. The crop outlook, he said, is unusually favorable. Unemployment is slight except in a few industrial centers, and in some regions there is even a scarcity of workers. Labor generally is satisfied. While money conditions prevent the French from buying much abroad, they have operated to increase the sale of goods of French manufacture in other markets.

"The discouraging factor in the situation," said M. Velay, "is the political outlook. The future of France's international relations is so unsettled that financiers and tradesmen are in the dark as to what to expect. Internally she is in good position. For one thing, crop prospects are exceptionally bright. The farmers made good profits last year. With the money they made they bought farm animals, fertilizers

and new tools, and this year have greatly increased their acreage. The amount of uncultivated land is insignificant. It may surprise you to know that ninety per cent. of the lands devastated by the war are now being cultivated.

"Industrially there is some complaint in Paris, Lyons and St. Etienne. These were centers of 'war industries,' and readjustment to peace conditions has been slower than in some other parts of the country. Elsewhere, conditions are quite satisfactory. In the mining district of Alsace and Lorraine, indeed, there are not enough miners to meet the demand.

"Housing construction has at last been begun, the first since 1914. There has been no labor trouble of importance since the general strike last May, and the workers have even accepted some wage cuts without murmur. Bolshevism has little appeal to the people and is being vigorously repressed by the government.

BANCO DUGAND

Head Office: Barranquilla, Republic of Colombia

Paid Up Capital . . . \$2,000,000

Reserve Fund . . . 280,000

U. S. Gold \$2,280,000

BRANCHES IN COLOMBIA:

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EXPORTS EXCEED IMPORTS

French exports for the first quarter of 1921 exceeded imports by more than 129,600,000 francs, and, despite the prevailing business stagnation, the exports for the three months surpassed those of the same period of 1920 by nearly 1,000,000,000 francs.

Imports for the three months amounted to 5,339,307,000 francs and exports to 5,468,488,000 francs. During the first three months of 1920 the imports more than doubled the exports.

The Temps, commenting on the figures given out by the Ministry of Commerce says: "They show the importance of the commercial and industrial crisis."

Imports decreased 4,000,000,000 francs says *The Temps*, while exports increased 1,000,000,000, as compared with the figures of the corresponding period of 1920, showing a decrease in the total foreign trade of over 3,000,000,000 francs.

In imports foodstuffs decreased 1,400,000,000 francs; raw materials

decreased 1,600,000,000, and manufactured articles decreased more than 1,000,000,000.

The increase in exports was greatest in manufactured articles, which showed 500,000,000 francs more than last year for the same period.

The Temps concludes by saying that March was a very bad month, having shown decreases both in imports and exports as compared with the same month last year.

COLONIAL FINANCING INCREASES

Reports from abroad show a large increase in the number of incorporations, formed for the development of French Colonial enterprises. The latest directory of the L'Union Colonial Francais names 67 concerns that have been organized since the armistice. These have a nominal capital of 264,000,000 francs. This total includes a bank authorized by the government, with a capital of 100,000,000 francs



Banking Service in the Far East

BRANCHES

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Rangoon

CEYLON
Colombo

CHINA
Canton
Hankow
Hongkong
Peking
Shanghai
Tientsin

**FRENCH
INDO-CHINA**
Haiphong
Saigon

INDIA
Amritsar
Bombay
Calcutta
Cawnpore
Delhi
Karachi
Madras
Tavoy

JAPAN
Kobe
Yokohama

JAVA
Batavia
Sourabaya

SIAM
Bangkok
Puket

SUMATRA
Medan

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Cebu
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Manila

MALAY STATES
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Kuala Lumpur
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Seremban
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Head Office
London

New York Agency, 44 Beaver Street
William Baxter, Agent

Capital and Reserve
Over \$30,000,000

to aid commerce with the French colonies.

The details, as received from the French information service of the Bankers Trust Company, give six new banking institutions capitalized at 130,000,000 francs; four shipping companies, with 20,500,000 francs capital; fifteen enterprises to promote export and import trade, with capital of 28,000,000 francs, and forty-two commercial, agricultural and industrial enterprises capitalized at 85,000,000 francs.

Italy

ITALY'S BRIGHT BUSINESS OUTLOOK

The improvement in the political and economic conditions of Italy is becoming more apparent every day and the general impression in well informed

financial circles is that the country is not only on the road to recovery, but has actually effected the settlement of her more perplexing problems by the adoption of such economic policies as are linked with political developments, according to the New York agency of the Banco di Roma.

Labor strikes for political reasons or petty local quarrels are no longer being resorted to, their futility having been made clear to the great majority of Italian workingmen who have found out that the incitements to strikes, forcible occupation of factories, or the so-called "revolution" and mob violence on the part of the communistic leaders, inspired by Lenin's emissaries, would only lead to disaster for all. This is made evident by news recently cabled that the workingmen of the great Fiat automobile establishments have dispatched a delegation to the directorate asking to be taken back to work on the company's own terms. This spirit of conciliation, fostered by reasonable

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Executives in our Foreign Management Department will be glad to confer with customers and others who are having difficulties in the countries where we operate. The services of our various departments, such as Collection, Commercial Credit and Foreign Exchange are available for information on all technical questions which may arise. The files of our Credit Department contain up-to-date and complete reports on the financial standing and responsibility of firms in these countries.

Our affiliated banks and branches in Latin America and Europe are always at the disposal of American banks and firms which are at this time in need of representatives to give undivided attention to their affairs abroad. These 41 foreign offices stand ready to meet the extraordinary demands of American trade today just as they are ready to meet the increased needs of our trade of tomorrow which must inevitably follow.

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and broad-minded concessions made by employers, is rapidly spreading through all Italy, with great benefit to production and exportation.

There have still been a few sporadic cases of violence recently, but even a cursory and impartial examination of facts will reveal nothing that cannot happen in any other country, however quiet and prosperous in normal times. The struggle between "Fascisti" (extreme Nationalists) and Socialists is dying out. The preliminary campaign for the next general elections, to be held May 15, although marked by bombastic declarations of the extremists, shows that the great mass of the people is determined to give the country a legislative and executive body willing and able not only to cope with the present situation, but also to establish a sound basis for the complete readjustment of economic conditions and the future prosperity of the country.

As a result of this determination, the general business condition of the coun-

try shows steady improvement. Most indicative of this betterment is the steady rise of Italian exchange, the lira having improved about 40 per cent. since January.

Another and no less important factor is the recent decision of the Italian Treasury by decree issued April 1, 1921, to base the customs duties on the daily average of Italian exchange in New York. This new valuation basis is the soundest and most reasonable method, especially considering the exchange position of the United States as compared to that of all other countries of the world, and at the same time affords the best proof of sincerity and straightforwardness on the part of the Italian Treasury in the conduct of the country's foreign financial transactions.

The statistics recently published by the ministry of finance have thrown a still brighter light on Italy's trade balance. While in 1918 Italian imports reached 16.6 billion lire, in 1920 they amounted to 15.8 only, notwithstanding



Wherever Portuguese is Spoken

Fifteen million persons use the Portuguese language as a means of commercial intercourse. Every country where Portuguese is spoken is reached directly through the New York Agency of the Banco Nacional Ultramarino. This institution maintains 78 branches in Portugal, Brazil, East and West Africa, India and the Far East as well as in London and Paris, and has behind it a record of 57 years in international trade.

THE STATE BANK OF THE PORTUGUESE COLONIES

BANCO NACIONAL ULTRAMARINO

New York Agency, 93 Liberty Street

JOSEPH McCURRACH, Agent

Head Office: Lisbon, Portugal

the fact that the same goods in 1920 cost more than in 1919 owing to the depreciation of Italian exchange forming the basis of these statistics. On the other hand, exports increased from 6 billion in 1919 to 7.8 billion in 1920. Thus the excess of imports over exports decreased from 10.6 billion in 1919 to 8 billion in 1920, or 26 per cent; a proportion which has been not only maintained, but slightly improved during the first quarter of the current year.

Worthy of note is the increase of exports from Italy to the United States, which from 169 million lire in 1918 and 450 million in 1919 reached 655 million in 1920. At the same time, the imports from this country amounting to 6.6 billion lire in 1918 and 7.4 billion in 1919, slowed down to 4.8 billion only in 1920.

Of course, Italy is still importing most of her raw materials, especially coal, iron, cotton, copper, mineral oil, etc. But her industries are preparing for greatly increased production, so

that her income from exports will more than offset her disbursements for imports. For instance, half of the raw cotton imported is re-exported in manufactured articles to an amount which not only covers manufacturing costs but also all of the cotton imported. Considerable attention has been given to the large quantities of wheat now imported by Italy; but the fact should not be forgotten that during the war the land was only partially cultivated, and lack of fertilizer—the importation of which was practically stopped during the war—further reduced the productiveness of the soil under cultivation, a condition which is gradually being overcome.

Of course, Italy will still continue to import coal in large amounts for her industries and railroads, but these imports, far from increasing in proportion to the future development of her manufacturing and transportation, will be substantially reduced. The harnessing of waterfalls for power purposes

NATIONAL BANK OF CUBA

(BANCO NACIONAL DE CUBA)

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ASSOCIATE BANK IN NEW YORK

BANK OF CUBA IN NEW YORK
34 WALL STREET

is rapidly progressing. The railroads are being electrified with astonishing rapidity and the new trunk lines are being built for electrical operation. Industrial centers are becoming more and more independent of coal and their machinery is driven by electric current derived from the "white coal" plants. Electric furnaces are being built and continually improved for the smelting of ores, large deposits of which already exist in the Island of Elba, and new ore beds have recently been discovered in various parts of the country, while wide and systematic explorations are going on to locate new mineral deposits.

All of this—capped by sound taxation policy which, in its fiscal aims, never loses sight of the indispensability of not impairing the sources of revenue, forms the basis of Italy's economic future, loaded with heavy responsibilities but supported by the good, determined and productive will of the whole nation.

Cuba

SUGAR FINANCING COMPANY FORMED

A banking syndicate headed by the Guaranty Trust Company of New York, the National City Bank and the Royal Bank of Canada has underwritten an acceptance credit to be granted to the Sugar Financing and Export Company, a Cuban company formed by leading sugar and financial interests to assist Cuban growers and manufacturers of sugar.

The Sugar Financing and Export Company is to have a paid-in capital of \$2,000,000, all of which has been subscribed by the Cuban Cane Sugar Corporation and the Cuban American Sugar Company and their associated and subsidiary companies.

The syndicate proposes to grant this

company a six months open credit, drafts under which are to be secured by sugar stored in independent warehouses in Cuba and or in process of exportation. The principal amount of the drafts at any one time outstanding will not aggregate in excess of \$20,000,000. The drawings are to be on the basis of \$8 a bag and are not to run longer than ninety days.

Bills drawn under this credit will be eligible for rediscount with or purchase by Federal Reserve Banks under the regulations of the Federal Reserve Board.

The National City Bank, the Royal Bank of Canada and the Banco Mercantil Americano de Cuba, acting as trustees, on behalf of the syndicate will receive and hold for the benefit of the accepting banks the warehouse receipts and or shipping documents against which drafts are to be drawn.

Mexico

BIG GROWTH IN UNITED STATES TRADE WITH MEXICO

The purchasing power of our neighbor across the Rio Grande—Mexico—shows a smaller decline than that which characterizes conditions in many other countries. Our exports to Mexico in the fiscal year which ends with June will, according to a statement by the National City Bank of New York, be double those of the preceding year and six times as much as the annual average prior to 1918 when her great oil out-turn multiplied her purchasing power.

Exports from the United States to Mexico, continues the bank's statement, which averaged less than \$50,000,000 a year prior to 1917, suddenly jumped to \$107,000,000 in the fiscal year 1918, \$120,000,000 in 1919, \$144,000,000 in 1920 and will be approximately \$280,000,000 in 1921. This tremendous growth in our exports to Mexico in the

very recent period and especially the current fiscal year has continued down to the latest moment despite the fact that exports to nearly all other parts of the world show for the latest month a decline. Total exports to Mexico in the single month of February, 1921, the latest for which figures are now available, were \$25,000,000 against \$12,000,000 in the same month of the preceding year and for the eight months ending with February, 1921, \$187,000,000 against \$87,000,000 in the same months of the preceding year. In fact, no other country shows this unique record of having more than doubled its takings of United States merchandise in the fiscal year 1921.

On the import side, the growth has also been large, though not so great proportionately as in exports. The total imports from Mexico, which prior to the oil period averaged about \$75,000,000 a year, were \$112,000,000 in the fiscal year 1917, \$158,000,000 in 1919, and will be about \$170,000,000 in 1921. Thus our imports from Mexico in 1921 will be approximately three and one-half times as much as the "pre-oil" average, and the exports to that country nearly six times as much as that of the period in which the plentiful petroleum supplies gave to Mexico a high purchasing power.

Petroleum itself is the biggest factor in the growth of our imports from Mexico; and petroleum producing supplies—machinery, pipe line materials, engines, sheets and plates of iron or steel, drilling and pumping machinery, structural iron and steel, steel rails and railway supplies, and locomotives, to say nothing of the enormous quantities of food and clothing required by those engaged in the industry—are taken in exchange for the enormous quantities of oil sent to us. For it is an astonishing fact that the quantity of crude petroleum imported into the United States from Mexico in the fiscal year 1921 will be nearly 6,000,000,000 gallons as against 4½ billions in 1919, and 1½ billions in 1918. Thus, despite the fact that the United States herself produces three-fourths of the oil of the world,

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Capital, Surplus and Undivided Profits
Over Fifty-five Million Dollars



her takings of crude petroleum from Mexico in the fiscal year 1921 will be practically four times as much in quantity as in 1918. In the single month of February, the latest for which details are available, the quantity of petroleum imported into the United States from Mexico was 478,000,000 gallons against 207,000,000 in February of the preceding year, and for the eight months period ending with February, 1921, 3,853,000,000 gallons against 1,659,000,000 in the same months of the preceding year, while the value of the imports has correspondingly increased, standing at \$49,252,000 worth of petroleum imported from Mexico in the eight months ending with February, 1921, against \$19,836,000 worth in the same months of the preceding year. In the single month of February, 1921, the total value of petroleum imported from Mexico was \$6,006,000 against \$2,448,000 in February of the preceding year.

Not only has our trade with Mexico

shown a very rapid gain but we are at the same time enjoying a larger percentage of her trade both as to imports and exports. Prior to the World War, which upset trade and transportation conditions between nations and continents, the United States supplied less than one-half of the merchandise entering Mexico, her next-door neighbor, the remainder coming chiefly from Europe, but now we supply over 85 per cent. of her imports and take 95 per cent. of her exports.

Far East

CONSORTIUM AWAITS CHINESE STABILITY

So long as the hold of the Chinese Government on its provinces remains unsatisfactory and the likelihood of war

between the contending factors remains no new loan to China can be considered by the International Consortium, according to information given in the annual report of the Hongkong and Shanghai Banking Corporation.

"The consortium," the report says, "is a notice to China of the conditions under which the great powers are prepared to lend the sinews of reconstruction, and it is virtually a notice that without the fulfillment of these conditions China will not be able to borrow at all. If this should result in China borrowing at home rather than abroad, so much the better.

"By the pooling of all outstanding agreements and options and by an undertaking to share equally the financial and commercial results of all future business, the powers, in effect, undertake to preserve China from those encroachments upon her sovereignty which have followed in the train of concessions in the past. There will be no second 'Battle of Concessions'; there will be no playing off of China by one great power against another. She will be met with fairness and reason, but, above all, with rigid unanimity. She will be offered for her loans the best terms that the financial world has available, and for all her requirements the most favorable price that public tender can reach.

"The bank strongly urges unification of the Chinese railways, a program advocated by the consortium and set forth in the new international agreement. It is asserted that were there a Chinese railway service, molded on the same lines and characterized by the same interests as those of the Chinese Customs Service, and were the satisfactory profits which certain of the lines are able to earn, even under present conditions, devoted to improvements and extensions, the time would not be distant when the end of railroad borrowing would be in sight."

JAPAN'S LABOR TROUBLES

The labor problem has become Japan's acutest issue since the great war. Here, as everywhere else, the

issue has been thrust upon the people in the form of a class struggle between labor and capital.

The following figures seem to suggest the fact that Japanese labor, though moving slowly, is gaining ground, keeping abreast with labor of advanced nations.

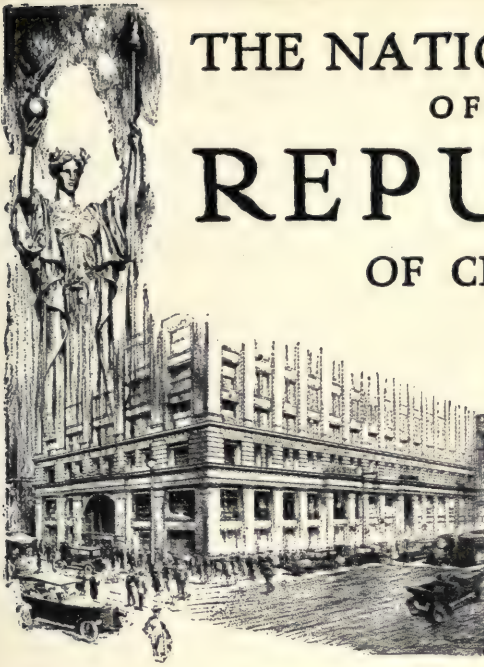
During the year 1919 there were five hundred labor strikes in Japan, which was ten times as great as that of 1914. The number of workmen involved in the strikes reached 64,000, which is eight times as great as the number of men who struck in the pre-war year. What is more noteworthy than the mere number of strikes is the fact that more than sixty per cent. of the struggle resulted in either partial or complete victory for labor.

Labor has been victorious inasmuch as in its chief line of agitation, namely, better pay, it has been successful. The raise in wages may be seen from the following wage index number published by the Japanese Government:

	Wages in —	
	Tokio	New York
1914	100	100
1915	106	106
1916	118	122
1917	145	139
1918	183	183
1919	172	175

BUSINESS CONDITIONS IN JAPAN

"The cumulative effects of depression in the world's markets," so reports one of the Oriental banks, "particularly affected Japan, owing to the very exceptional expansion of her foreign trade during the four or five preceding years, and were fully felt by April, when something in the nature of a crisis might well have overtaken the country. There was, indeed, a stock exchange crisis, culminating in the closing of the exchange over a lengthy period, which naturally affected all investors. Generally speaking, however, though some important and well-known names have unfortunately suffered eclipse and brought loss to others in their fall, and though 1920 has been a bad year for



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CAPITAL AND
SURPLUS
\$3,000,000

every one all around, merchants, manufacturers, dealers and all concerned, faced their position courageously and prepared themselves to suffer losses and pay their debts, and such it is certain will continue to be their attitude.

"There are some difficult months ahead till accumulated stocks of imports go into consumption and till exports have revived—the last a difficult state to bring about now, owing to the existing high cost of production in Japan; but there is nothing to justify the pessimistic view of the country's condition which lately has been expressed in some quarters."

FINANCING PHILIPPINE SUGAR

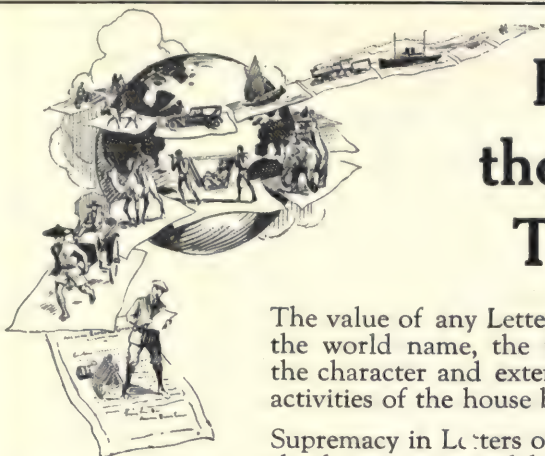
The Philippine National Bank, which has been financing a number of the sugar centrals in the southern islands of the Philippines, has under consideration the establishment of a supervisory organization designed to take the initiative in marketing and storing the sugar output of those centrals, as well as the purchase of their supplies. By centralizing supervision the bank officials

expect to introduce more efficiency in operation and a great improvement in marketing conditions. Co-operation in the purchase of supplies for the centrals is calculated to result in marked economies.

Scandinavia

SWEDISH FREE PORT SYSTEM

The Swedish free-port system now affords excellent facilities for the American exporter seeking trade with Scandinavia, Russia, and other Baltic countries. Begun in 1914, this commercial development now embraces the cities of Stockholm, Malmo and Gothenburg. A free port is a limited area where goods from foreign countries may be received and stored without payment of duties, these levies being collected only when the goods enter another part of the country. During the storage period the only costs are for freight,



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INTERNATIONAL BANKING—SHIPPING—TRAVEL AND FOREIGN TRADE

interest on the money involved, warehouse rent and insurance. The free port thus gives the shipper quick and economical access to a foreign market.

Port development at Stockholm provides for the lengthening of the present dock of 320 meters to 4,000 meters (more than two miles) and the laying thereon of double railroad tracks. A three-story warehouse will be built on the pier similar to one already in operation, and electric cranes will be used to move the cargoes. Similar developments are provided for the other two Swedish cities.

To the exporter of other countries, the Swedish free port system affords three points at which his goods can be exhibited for sale. Products such as automobiles may be shipped in parts and assembled at the ports. All three cities have ample banking facilities for loans on warehouse receipts or warrants.

NORWEGIAN BANKS MAY UNITE

Notice of the merger of the Bergens Kreditbank, of Bergen, and the Andresens Bank, of Christiania, two of the oldest and strongest banks of Norway, was received recently by the Irving National Bank of New York. The boards of these institutions have voted for the union, and final action is awaiting the approval of their stockholders.

If the amalgamation is effected, the resulting institution will take a leading position among the banks of Norway. Andresens Bank was founded in 1809. Its balance sheet at the end of 1920 gives its capital as 30,000,000 kroner, its reserves as 21,000,000 kroner, and its total resources as 430,658,260 kroner.

Bergens Kreditbank was founded in 1859. Its capital at the close of last year was 37,520,000 kroner and its total resources, 411,614,496 kroner. The resources of the two institutions thus amount to 842,272,756 kroner.

SWEDISH BANK REPORTS

Net profits of important Swedish banks for 1920 are reported as follows by the representative of the New York Trust Company:

	Kroner
Skandinaviska Kredit A. B.....	31,190,000
A. B. Svenska Handelsbanken...	27,360,000
Stockholms Enskilda Bank.....	14,160,000
Sydsvenska Kredit A. B.....	8,850,000
A. B. Goteborgs Bank.....	8,500,000
A. B. Nordiske Handelsbanken..	6,350,000

SCANDINAVIAN CONFERENCE ON FOREIGN COMMERCE

Preparations are now being made for a conference of representatives of Scandinavian trade and commerce similar to the meeting held early last year, at which the international trade problems common to Norway, Sweden and Denmark, will be discussed and principles and methods of co-operation formulated.

A committee has been appointed to arrange for the conference, which will probably be held at Christiania. Four leading representatives from each of the three Scandinavian countries comprise the committee.

Germany

EXPORTS TO GERMANY MAKING NEW HIGH RECORD

Exports from the United States to Germany in the fiscal year which ends with June will exceed those of any year prior to the war. Whatever may be said about her "buying power," or the currency in which she conducts her trade, the merchandise which she is taking from the United States in the fiscal year 1921 will be of greater value, measured in good American dollars, than in any year in the history of our trade relations.

Prior to the war, says a statement by the National City Bank of New York, our biggest exports to Germany were 352 million dollars. They had slowly crept up from 187 million dollars in 1900 to 250 millions in 1910; 352 millions in 1913, the year before the war, then, of course, dropped to 12 millions in 1915; 2 millions in 1916; and nothing in 1917 or 1918, resuming at 93 millions in 1919; 311 millions in 1920, and will

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Foreign Department

Head Office, Havana, Cuba

considerably exceed 400 millions in the fiscal year 1921, as against the pre-war high record of 352 millions in 1913. In the eight months for which we have now official figures, the record shows exports to Germany 282 million dollars; in the latest month of that period—the short month of February—they were 40 millions, and should the four remaining months of the fiscal year average as much as that of February, the total exports to Germany in the fiscal year 1921 would be 440 million dollars, as against the high record of 352 millions in the year preceding the war. Food and manufacturing material are, adds the bank's statement, of course, the principal factors in our present exports to Germany.

Central Europe

POLISH BUSINESS ACTIVITY

The industrial situation in many of the European countries is hardly less than chaotic in view of the depreciation of currency, but paradoxical as it may seem, there is a real boom in business. From time to time press dispatches from Germany have commented upon the large number of new stock companies formed with enormous capitalization; and newspaper readers have no doubt found it difficult to reconcile these facts with the statements generally made as to the economic situation in Germany. A very similar condition prevails in Poland, where, although the Polish mark has dwindled away to almost nothing, private business is enjoying a remarkable period of growth. In explanation of this unusual development, the American-Polish Chamber of Commerce has issued this statement:

"The large number of stock companies that have been formed during the last two years in Poland and their enormous capitalization is explained by the rapid development of private enterprise,

and especially by the peculiar financial situation in Poland.

"The great depreciation of Polish currency has had its effect on the development of new enterprises, especially industrial enterprises which demand large capital. It is estimated that the construction and starting of a big locomotive factory would cost at present in Poland about three billion marks. The easiest way to collect such enormous capital is by the organization of enterprises in the form of stock companies.

"As a result of its constant depreciation the Polish mark has lost credit at home. In the search for investments representing a real value or a legal title to participation in such value and in order to insure against the constant fall to which the Polish mark seems to be condemned there has been an enormous demand for shares in enterprises, especially industrial enterprises. The numerous stock companies which are being formed, particularly this year, find it easy to obtain capital.

"In former Russian Poland, the most industrialized part of Poland, there existed in 1914, 209 stock companies with a capital of 335,486,000 rubies (\$167,000,000). The constant fall of the currency demanded a considerable increase of working capital and therefore of the capital of the stock companies. During the last two years 168 stock companies have increased their capital by 3,291,336,000 marks. Many companies have increased their capital several times.

INCREASE IN CAPITAL

	Marks
102 industrial companies.....	1,576,303,000
34 commercial companies	489,133,000
32 banks	1,222,900,000
1 insurance company	3,000,000

"The depreciation of the mark has raised the question of the over-valuation of the assets of stock companies. Industrial values increased, not only in relation to paper currency on account of its depreciation, but in relation to gold, because of the exhaustion of the gold reserves everywhere, and the fall in production. Investments made dur-

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Nominal Capital	. . .	\$12,500,000
Paid-up Capital	. . .	3,750,000
Reserve Capital	. . .	3,750,000
Subscribed Capital	. . .	7,500,000
Reserves	. . .	2,825,000
Surplus over Liabilities	. . .	10,325,000

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

North American Mails are usually delivered in Manchester and Liverpool earlier than in London.

ing the war represent at present a much higher value. Without recalculating the value of these investments in paper currency, it would be difficult to think of enlarging enterprises or of increasing the capital by the issue of new shares, as the possessors of pre-war issue would be wronged.

"Moreover, owing to the rise in the prices of goods, enterprise founded before the war made very considerable profits, which they were afraid to pay out to the shareholders for fear of being accused of profiteering, and in order to avoid the payment of high taxes. This paralyzed the development of private enterprise and favored their passing into foreign hands.

"Following an understanding with the government, the question of revaluation has been decided on. The tangible property of stock companies, land, buildings, machines and factory implements, may be re-estimated by reckoning the value of the balance up to January 1, 1916, taking one ruble (at its that time value) as equal to ten Polish

marks. Such a revaluation is not considered by the government as the profit of the company and is not subject to taxation. The funds resulting from revaluation are to be added to the basic capital. Up to the present twenty-four stock companies have taken advantage of this decision, by this means increasing their capital by 513,202,000 marks.

"On December 1, 1920, there existed in all Poland 691 stock companies, with a capital of 7,553,964,000 marks:

Companies	Capital (Marks)
Food industry.....	92 587,946,000
Metal industry	90 932,211,000
Chemical industry	52 389,566,000
Wood industry	16 168,603,000
Animal industry	4 21,850,000
Paper & graphic industry	26 154,530,000
Textile industry	80 663,203,000
Mineral industry	34 148,084,000
Mining industry	30 682,090,000
Electric, gas, etc.....	13 165,728,000
Communication industry	20 89,130,000
Total industries.....	457 4,012,941,000
Commercial companies..	149 1,197,263,000
Banks	62 2,207,860,000
Insurance companies ..	23 135,900,000

The Bank of the Philippine Islands

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BRANCHES: ILOILO AND ZAMBOANGA

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D. GARCIA, Cashier

P. J. CAMPOS, Chief Foreign Dept.

(\$0.50 = 1 peso)

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Reserve Funds 4,900,000.00

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AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank, The Guaranty Trust Company and The Equitable Trust Co.

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Bank of Canton, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., Bank of Taiwan, Ltd., and Sumitomo Bank, Ltd.

"One is struck by the great development of banks in Poland lately. Of the sixty-two banks listed, thirty-one have been formed during the last two years, and half of the banks now existing have increased their capital. There are eight banks with a capital of upward of 100,000,000 marks.

NEW BANKS FORMED IN JUGOSLAVIA

During 1920 eighty new banks, with a total capital of 48,300,000 dinar, were founded in Jugoslavia, according to the "Economic Review" of London. Of these, ten, with a capital of 39,000,000 dinar, are in Belgrade. Ten of the banks have already commenced business. Other flotations included sixteen industrial companies, of which eleven have their headquarters in Belgrade; two shipping companies, in which Russian capital is invested, and two printing companies, both in Belgrade. The total capital of these companies amounts to 68,400,000 dinar.

The foreign trade statistics for 1920 are being compiled and the export returns show a value of 1,320,606,055 dinar. Wood and timber take a foremost place in Jugoslavia's exports. The value of building timber alone was 310,580,385 dinar, or nearly one-quarter of the total, in addition to which wood products and forewood amounted to 323,000,000 dinar.

AUSTRIA'S CREDIT SITUATION

Despite the breaking up of the former dual empire, Vienna remains the trading and commercial center for all that territory which was, prior to the war, Austria, according to business men who recently have visited that country. While the population has been reduced by loss of territory from 35,000,000 to 6,000,000, business practice still follows the customs of previous years.

German influence, which was of great importance before the war, was due largely to the leading and active part played in the trade of Central Europe

by the great German trading banks, the Deutsche, Dresdner, and the Disconto Gesellschaft. Their present influence is almost negligible, although indications are not lacking that German business and financial interests are beginning to regain their lost ground. The pre-war credit apparatus has dropped out, and something will have to take its place based not on Berlin. A plan for the establishment in Vienna and Prague of an Anglo-Austrian and an Anglo-Czecho-Slovakian Bank, respectively, is at present being worked out. The question of pre-war debts is so far the outstanding obstacle.

SITUATION IN TURKEY

According to a cablegram received recently from the Constantinople office of the Guaranty Trust Company of New York, recent improvement in the business outlook in Turkey is resulting in some commercial activity, although transactions are limited to essentials. The tendency of sterling exchange on the Turkish market is steady and dollars are being offered in moderate amount as a result of the purchase of a small quantity of tobacco by American interests. The stock market is generally dull, and, notwithstanding recent Nationalist successes, Turkish securities are weak and there are no buyers.

Bulgarian millers, who are making strenuous efforts to regain their former position in the Turkish flour market, claim that they can export 100,000,000 kilos annually to Constantinople at a low transit cost.

Imports into Turkey during March were about 3,916,000 Turkish pounds, a decrease of 4,600,000 Turkish pounds from February. Exports in March were 735,000 Turkish pounds, an increase of 74,000 Turkish pounds over February.



International Banking Notes

The Netherland-Baltic Commerce Association, "Nebal," has been formed at Amsterdam, Holland. About fifty industrial firms in Holland are stockholders. The institution was organized for trade with the

Baltic States, and with Russia as soon as that country is open to the commerce of the world.



The Bank of Jugoslavia, Ltd., opened an agency at 25 Broadway, New York, on May 1. Lothar Berks is agent and Leo Sorger sub-agent.



The average assets and liabilities of Lloyd's Bank, Limited, London, for March, were as follows:

ASSETS		£	s.	d.
Cash:—				
Coin, bank and currency notes and balances with the Bank of England	33,861,098	9		
Balances with, and cheques in course of collection on, other banks in the United Kingdom	9,134,525	6	1	
Money at call and at short notice	14,480,786	13	7	
Bills of Exchange	65,685,054	10	8	
Investments	66,724,769	5	11	
Investments in other banks	7,638,753	6	8	
Advances to customers and other accounts	144,526,980	14	7	
Bank premises	4,266,161			11
Liabilities of Customers for Acceptances, Endorsements, etc., as per contra	10,233,193	13	11	
	356,551,233	1	4	
LIABILITIES				
Capital:—				
Authorized ..	72,500,000			
Subscribed ..	70,688,980			
Paid up	14,137,796			
Reserve Fund	10,000,000			
Current, Deposit and other Accounts	322,180,333	7	5	
Acceptances, Endorsements, Guarantees and other obligations	10,233,193	13	11	
	356,551,233	1	4	



The Foreign Commerce Corporation of Holland has been formed at the Hague, with a capital of 10,000,000 guilders. The new enterprise was founded by the Foreign Commerce Corporation of America, the Rotterdamsche Bankvereeniging, and William Mueller & Co.



The Brazilian-American Chamber of Commerce has been organized in New York.

Among the officers are: honorary presidents—Herbert Hoover, secretary of commerce; Simoes Lopes, secretary of commerce and industry of Brazil; E. V. Morgan, American ambassador to Brazil; A. C. de Alencar, ambassador from Brazil to the United States; honorary vice-presidents—consul general of Brazil and the head of the

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Lisbon Branch: 32 Rua Aurea

Antwerp Branch: 22 Place de Meir

CAPITAL (Authorized)	- - - - -	\$20,000,000
SUBSCRIBED CAPITAL	- - - - -	15,000,000
PAID-UP CAPITAL	- - - - -	10,200,000
RESERVE FUND	- - - - -	10,500,000

DIRECTORS.

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 RICHARD FOSTER, Esq.
 FOLLETT HOLT, Esq., M. Inst. C.E.
 KENNETH MATHIESON, Esq.

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New York Agency, 51 Wall Street, WM. R. ROBBINS, AGENT.

bureau of Latin-American affairs of the state department.

Directors were elected for terms of one, two and three years, and included representatives of foreign trade organizations and shipping companies.



The Holland Bank for the Mediterranean has opened a branch in Constantinople.



The Banco Nacional Agricola has been founded in Madrid for the purpose of financing the importation of agricultural machinery and implements, wine casks, fertilizers, etc.



A travel, market and shipping guide covering the countries of the Far East and furnishing a graphic summary of their natural resources and trade possibilities, is provided in a new commercial map of that region published by the Irving National Bank, New York, for the information of merchants and manufacturers engaged in trade with the Orient or contemplating entry into that field. The map includes not only all the countries of eastern Asia, but also

the islands of Japan, the Philippines and the Dutch East Indies. All important harbors and ports are shown, together with the principal steamship routes, their distances in miles, and the number of days required to cover them. Railways, including both the roads now in operation and those being built or proposed for future construction, are set down, as are canals and navigable rivers which can be used for commercial purposes. Cities in which the United States maintains consular offices and agencies are noted by special symbols, and cable and wireless facilities are also indicated. Five smaller insert maps show the varied nature of the vegetation, the density of population, the principal products and the rainfall in the months of January and July, the months of seasonal extremes. In addition, the principal map shows the nature of the chief mineral, timber, agricultural and other resources which are to be found in the several countries.



The report of the directors of the Chartered Bank of India, Australia and China, made public by William Baxter, New York Agent, recently, indicates that in the face

of adverse conditions in international business and banking during 1920 the bank had a profitable year. Net profits, after providing for all bad and doubtful debts, exceeded £849,601, and dividends equal to 20¼ per cent. were declared for the entire year.

Out of the net profits an interim dividend of 14 per cent. was paid last September. From the amount now available the directors propose to pay a final dividend of 14 per cent., together with a bonus of 6 shillings 3 pence per share, and to add £100,000 to the reserve fund. After adding to the officers' superannuation fund, and writing off the premises account, £209,601 remained to be carried forward.



The French American Banking Corporation, New York, has received \$103,000 in gold coin on the steamship Varbain from Montevideo. There is a shipment of \$250,000 consigned to the company en route from Bombay.



The Banque Belge pour L'Etranger opened an agency in New York on June 1. W. A. Hohn, who for twelve years has represented the bank in China and the Far East, has been assigned to the New York post, with offices in the Munson Building. Mr. Hohn has announced that his office will center its attention on commercial business and on the financing of imports from and exports to Belgium.



At a meeting of the board of the Asia Banking Corporation recently, E. A. Potter, Jr., vice-president of the Guaranty Trust Company, was elected a director in place of J. H. Auchincloss, resigned.



Rodolfo Bolla, representative of the Banco di Roma in America, has received word that the bank is sending Com. Angelo Capelli to South America with a view of establishing representation of the Banco di Roma. The first South American office will probably be located at Rio de Janeiro, Brazil.



A book of unusual interest to bankers and business men, and others engaged in foreign trade activities, has recently been brought out by the National Bank of South Africa, Limited, which analyzes the income tax systems, stamp duties, weights, measures, and coinage of eighty-nine countries

and territories. The book contains more than 400 pages of matter including tables, charts, illustrations and general information necessary for everyone to have who is engaged in foreign trade. Bound in permanent cloth and board covers, and printed on paper of high quality, the book, aside from the valuable information it contains of every day use and advantage to business men, would form a creditable addition to any business library.

R. E. Saunders, New York agent of the bank, which is one of the largest of the British Colonial banks, has a limited number of these books for distribution. As long as the supply lasts, Mr. Saunders will furnish copies to banks and business houses making application to the office of the bank at 44 Beaver Street.



The committee on organization of the Foreign Trade Financing Corporation removed its offices May 1, from 66 Broadway to 50 Broad Street, New York.



Societe de Banque Suisse has announced that Joseph Schumacher, sub-director of its office in Zurich, has been transferred to the office in Schaffhouse. As Alfred Kreis has left the bank's employ as sub-director at the Schaffhouse branch, Alfred Seifert has been transferred from the Zurich office to Schaffhouse.



An announcement by the Nationalbank fur Deutschland Kommanditgesellschaft auf Aktien, of Berlin and Bremen, Germany, shows the following disposition made of the net profits for the last year:

	Marks
10 per cent. dividend on Marks	
132,000,000	13,200,000.00
5 per cent. dividend on Marks	
18,000,000	900,000.00
Free reserve (not liable to profit)	20,000,000.00
Officers' pension funds	1,000,000.00
Tax reserve	338,250.00
Share of profit for board of directors	1,334,594.60
Share of profit and remuneration to directors procurists and officers	8,000,000.00
Balance to be forwarded	1,799,913.72

This bank is an amalgamation of the Nationalbank fur Deutschland of Berlin and the Deutsche National Bank Kommanditgesellschaft auf Aktien, of Bremen, the combination having taken place in August, 1920. December 29, last, the bank absorbed the Holstenbank, thereby adding to its number of branches in important places. It is planned to take over in the near future the



*"The Swedish Bank
of Commerce"*

Svenska Handelsbanken STOCKHOLM

Cable Address "Handelsbank"

Own Funds: Kr. 181,000,000

banking firm of Bernhard Caspar at Hanover.

The Nationalbank fur Deutschland Kommanditgesellschaft auf Aktien has a capital of marks 150,000,000 and reserves of marks 50,000,000. The managing partners are Messrs. Goldschmidt, Hincke, Wittenberg, Drs. Schacht and Strube. Herr Witting is chairman of the board.



The National Foreign Trade Council has issued a pamphlet entitled, "Commercial Possibilities of the Union of South Africa." It contains a survey of the recent industrial expansion and the mineral and agricultural resources of the country, emphasizing its great possibilities as a market for American products.



At the yearly stockholders' meeting of the Banca, Marmorosch, Blank & Co., an increase in capital from 150,000,000 lei to 250,000,000 lei was authorized. The reserve was increased to 164,000,000 lei.



An appeal has been made to the authorities of the New York Stock Exchange, by Eugene Meyer, Jr., managing director of

the War Finance Corporation, for the listing of sound internal investment securities of foreign countries, both governmental and industrial. Mr. Meyer has been in conference with the Stock Exchange officials on this matter, and has received assurance of co-operation on their behalf. The question of the listing of foreign securities on the local exchange has been under discussion for some time by the Exchange.

It was pointed out that if American bankers would co-operate in the development of American markets for foreign securities in foreign currency terms, it would, in Mr. Meyer's opinion, be one of the most helpful steps that could be taken in the restoration of foreign markets for American manufactured and agricultural products. "We ought to have here," he said, "broad, active public markets for securities that would be freely purchasable and salable at the same time in other countries."



A new \$100,000,000 issue of French government bonds is to be floated in the United States shortly, according to a recent announcement of the French Republic's financial agency in New York. The French loan will be issued through J. P.

Morgan & Co. and will be marketed through a nation-wide syndicate of investment dealers. The proceeds of the loan will be used to retire obligations of the French government maturing in the United States during the current year and for the purchase of such foodstuffs and raw materials as may be needed this year by France. The bonds are to mature in twenty years

and will be offered at 95. The interest rate is $7\frac{1}{2}$ per cent. The offering price will cause the bonds to yield an 8 per cent rate. They will not be subject to redemption before maturity. The French government, however, will establish a sinking fund to be used in purchasing the bonds in the market and retiring them at a price not exceeding par and accrued interest.



Dwight W. Morrow Calls French Recovery Amazing

THE French have been doing more for the world during the last three months than the world has been doing for France, said Dwight W. Morrow, of J. P. Morgan & Co., in a recent address. Mr. Morrow said further that what France had accomplished in the last six months in the payment of her external debt was little less than amazing.

"Her external debt," said Mr. Morrow, "reached its maximum point at the end of September, 1920. At that time it amounted to 35,328,000,000 francs. At the end of March, 1921, her total external debt amounted to 32,723,000,000 francs, a reduction of more than 2,600,000,000 gold francs, or somewhat more than \$500,000,000." He continued:

"How was this amazing achievement attained? It is not easy to answer. The thousands of transactions that make up international settlements cannot be followed by one person. It is probable that France has made substantial sales of foreign-held securities; she has also made some specie payments, and we know that there has been a remarkable improvement in her foreign trade position.

"The truth is that France is again becoming a self-sustaining country. She is reducing her imports of foodstuffs; she is developing a surplus of goods for export. In the calendar year 1919, France's imports exceeded her exports by almost 24,000,000,000 francs. In 1920 the import balance was about 13,000,000,000 francs. In the first three

months of 1921, this import balance has been changed into a small export balance.

"This is the fundamental explanation of the change in the French position. This is the explanation of the rise in French exchange. During the last three months the people of France have been doing more for the rest of the world than the rest of the world has been doing for France.

"It would be idle to suggest that France is out of her troubles. She has grave problems ahead of her. It is to be hoped that with the settlement of the German indemnity she will be able to reduce the size of her army. It is to be hoped, also, that the counsel of her wisest leaders will prevail with reference to the handling of her domestic debt."

Discussing Europe in general, Mr. Morrow said the inclination was to lay too much stress on physical destruction in making estimates of European recovery. "If men can but retain their confidence in one another and their faith in their governments, the property losses will soon be made up," he said.

He said that if she maintains the spirit to do so, France may be better able to carry an external debt of 33,000,000,000 gold francs than she was able to pay an external debt of 5,000,000,000 gold francs after the Franco-Prussian War. He attributed her ability to make the progress she is revealing to what the nation gained in powerful organization through the World War.

Directors of Australia's Note Issues

ONE of the most important events in the financial history of Australia took place in December 1920, when control of Australia's note issue passed from the board of directors of the note issue department of the Commonwealth Bank.

Commenting on the event, *The Review*, an Australian publication devoted to banking and insurance, said in part:

"No greater compliment could be paid to the personnel of this board than has been conveyed in the quiet satisfaction with which the announcement has been received. It is felt that the Commonwealth Bank is the proper authority to have charge of the people's money, and its Governor, Sir Denison Miller, K. C. M. G., who will be the board's permanent chairman, has the full confidence of all classes in Australia and of financial authorities generally.

"Behind all, of course stand the Federal Parliament and the people of

Australia, but very much depends upon their representatives in this financial sphere; and, apart from the unquestioned capacity and integrity of his colleagues, the fact that the central figure of the board is Sir Denison Miller, with his well-known freedom from extreme views in any phase of finance, is in itself sufficient guarantee.

"January 20 was the eighth anniversary of the opening of the Commonwealth Bank for general business, and the results of eight years' initiatory work are both solid and remarkable. Good judges look also to the methods by which results have been achieved, but, tested in any way, the qualification of Sir Denison Miller for the high post he occupies, and the additional responsibilities he has now undertaken, are unrivalled. It is generally recognized that the wisdom, tact and foresight of the first Governor of the Commonwealth Bank have resulted in the hopes felt at its founding having



First Meeting of the Board of Directors of the Commonwealth Bank of Australia, Note Issue Department
C. J. Cerutti, John J. Garvin, Sir Denison Miller, K. C. M. G., H. T. Armitage (Secretary),
the Hon. George Swinburne

been realized, and that he has, at the same time, honorably conserved the interests of the established banks and won the unswerving loyalty of his great and rapidly increasing staff."

Other members of the board are John J. Garvan, managing director of the Mutual Life and Citizens Assurance Company; Hon. George Swin-

burne, for seven years member of the Australian Inter-State Commission and also manager of the commercial side of the defense department; C. J. Cerutti, acting secretary of the treasury, the Government representative on the board; and H. T. Armitage, secretary to the board by virtue of his appointment as secretary to the bank.



The In-Flowing River of Gold

THE United States is confronted by a phenomenon which is causing deep concern to the financial statesmen of the country. It is the very perplexing situation that has been created and continues to be created by the wide stream of gold that is flooding into America. That bankers and financiers generally recognize that the existing situation is unhealthy and that it presages even more unwholesome consequences is evidenced by a statement which has just been issued by the Mechanics and Metals National Bank of New York. It points out that more than \$60,000,000 was added to this nation's monetary supply through imports since April 1, and that from the beginning of the year an amount of gold in excess of \$200,000,000 has come in.

Twenty-six countries have contributed. They have sent to our shores in four months more than double the amount of the yellow metal received during the entire twelve months up to January 1.

"The new metal has built up the position of the Federal Reserve System," the bank's weekly bulletin suggests, "but to date it has not altered materially the terms quoted for credit in the money markets. Commercial money rates are not noticeably easier, generally speaking, nor is a lowering of the local rediscount rate looked for in the immediate future."

The bulletin proceeds:

"Paradoxical as it may seem to those who see in the present inward flow of gold a powerful influence toward relieving them from the present level of money rates, it is not a good thing that so much gold should now be coming hither from abroad. It does not help matters; on the contrary, America having become the gold pivot of the world, it would be far better were gold going out to the countries where it is most needed, rather than coming from them. Gold accumulation abroad would strengthen currency systems and re-establish credit, and would thus contribute to restoring equilibrium and stability to the international exchanges. Gold accumulations here, on the other hand, in their present rapid pace, simply contribute new elements toward a renewal of inflation, and, by just the degree in which they do that, stand in the way of restoring equilibrium and stability to the international exchanges.

"If, therefore, gold imports continue unchecked, the ultimate disturbing effect in our domestic banking position and on the international exchanges will have to be very seriously considered. It is one of the strange phenomena of a perplexing situation in world economics that gold should now be leaving those markets where it is most needed for the markets where it is not needed at all; the movement is a striking commentary on our position as a combined exporting and creditor nation."

Teaching Our Modern Girls Banking Methods

By Alice Fox Timoney

"OH, I don't know—things are so different here—" The girl with a Southern accent sighed a little. "Down home we used to *make*—our good times—but here—you have to—*buy* them—."

"And they come high—," answered her companion, lightly. They both laughed as they gathered up their gloves and bags and passed out, but the truth of what they said stayed—with me at any rate. Perhaps it is in the hearts of many girls, locked away, under a smile, and needs only encouragement.

We have given our girls money. We have given them places in our offices. We have taught them our business methods. Entrusted them with our most cherished plans, but we have not taught them the value of the money they earn. We have not taught her how to use her newly acquired responsibility, our modern girl, who has come into the business world to stay.

Is it a great wonder that our girls yield to the primitive instinct, dressing, in order to attract, when they suddenly find the avenues open and thousands of invitations daily thrown in their faces to indulge?

The girl in your office getting \$30 a week buys dresses fit for the Plaza or the Little Club, and she wants to go to such places. If the boy she likes best takes her to the Rivoli and suggests "going in" when they reach home, she is in a horrid mood and says that she would like to go "out" more. She has heard the girls in her office telling of the wonderful places on Broadway and she longs to contribute her share of "Experience." She buys clothes in order to buy a good time.

Our boys follow in the foot steps of the girl they want. It is she who sets the standard. He gives up any attempt at saving and goes head over heels after dinners, dances, taxies, and a platinum wedding ring.

Every man has in him the ability to create. A man who merely shares in the success of others, without having a share in the making of it, is discontented,



MISS ALICE FOX TIMONEY

Formerly of Danville, Kentucky. Miss Timoney who is connected with the publicity department of the Equitable Trust Company of New York, has recently completed a course in advertising at Columbia University where she attained marked distinction in her work.

unhappy, and restless. He is looking for something—something he cannot define. It is self-expression. Usually, such expression comes to him in the business world, but first, he must have nourished in him that spark that will make him spend himself in the right direction and he won't find that inspiration in the girl we are rearing—the

girl who finds happiness only in pleasures that are bought.

It is the duty of America's greatest business-character builder, the bank, to teach the American business girl her economic duty to herself—and ultimately to her husband and family.

There is a vast, undeveloped field for women in finance. The bank that will

interest women, as a class, in saving—not so much by that threadbare appeal for thrift, but in voicing belief in a woman's ability to save for the sake of "getting ahead," that bank will do the modern business girl a real service, and bring a shower of success on itself in displaying confidence in the modern woman and her power to think straight.



Bank Call Forms Greatly Simplified

THE new forms of bank call which are now being sent to national banks by Controller of the Currency Crissinger are greatly simplified compared to the forms that were in use during the administration of John Skelton Williams.

There were twenty-nine schedules in the last call sent out by former Controller John Skelton Williams. The new blank form contains seventeen schedules. A large number of the questions in regard to details as to resources and liabilities also are eliminated.

The questions concerning loans and discounts and aggregate salaries of executive officers and other employees Nos. 55 to 59, inclusive, which were included in the last call made by Mr. Williams, have been eliminated.

The information requested under the heading, "Resources," is in many respects the same, although the form of the questions is simplified. Questions Nos. 1, 2 and 3 are unchanged. The other questions are condensed and a few items eliminated. The form on which liabilities are to be reported also is greatly simplified and condensed.

Among the schedules contained in the last call which are now omitted are No. 5, which called for the number of deposit accounts; No. 6, which included rates of interest allowed or paid by bank, and No. 7, calling for interest rates charged exclusive of notes upon which interest or discount did not exceed fifty cents and loans and discounts

made since last report, where interest or discount charged did not exceed fifty cents.

The old schedule, No. 9, also is missing in the new form. It called for detailed information as to loans secured by warehouse receipts, specifying separately cotton and grain.

Still another schedule omitted is No. 18 of the old call. This dealt with loans made through correspondent banks in Central Reserve cities on date of the report. The information which the Williams call sought was the amount of money which the bank was loaning through its correspondent banks in New York and in other Central Reserve cities, Chicago and St. Louis.

Schedule 15 of the old form, which asked for information about loans to other banks and trust companies, also is dropped. This included amount loaned on United States war obligations, on (a) bills payable and rediscounts, and (b) certificates of deposit and information as to the same items for all other loans, secured or unsecured.

In the schedule which calls for an accounting of liabilities of officers and directors, annual salaries and shares owned, there is an interesting change. The bank call has always requested a statement of the yearly salaries of the chairman of the board, the president, vice-president, cashier, assistant cashier and directors. This was apart from the more recent sweeping request by Mr. Williams for the aggregate amount

of all salaries of executives and employees.

In the last bank call Mr. Williams included this note:

"If there is any agreement providing for additional compensation beyond the regular salaries, whether based on net earnings or other arrangements, give the facts on memo and attach hereto."

This is omitted from the call to be sent out by Mr. Crissinger.

Altogether there are about eighty questions eliminated from the call. The effort has been, it is explained, to eliminate requests for the publication of information of a personal or confidential nature which is not considered essential in obtaining a comprehensive statement of the condition of the banks.



Book Reviews

WAR COSTS AND THEIR FINANCING. By Ernest L. Bogart. New York: D. Appleton and Company.

Beginning with the shock to the world's financial organization at the outbreak of the war, Professor Bogart traces briefly the course of events that transferred to the United States the financial primacy of the world. A complete survey of direct and indirect war

expenditure is followed by a sketch of the financing of wars in the past which serves as a background for the detailed financial history of the World War. The policy of the United States is given separate treatment and special emphasis.

The important concluding section deals fully with the after-war problems of debt and taxation and the relation of the United States to the financial rehabilitation of Europe.



How Credit Elasticity is Secured by the Federal Reserve System*

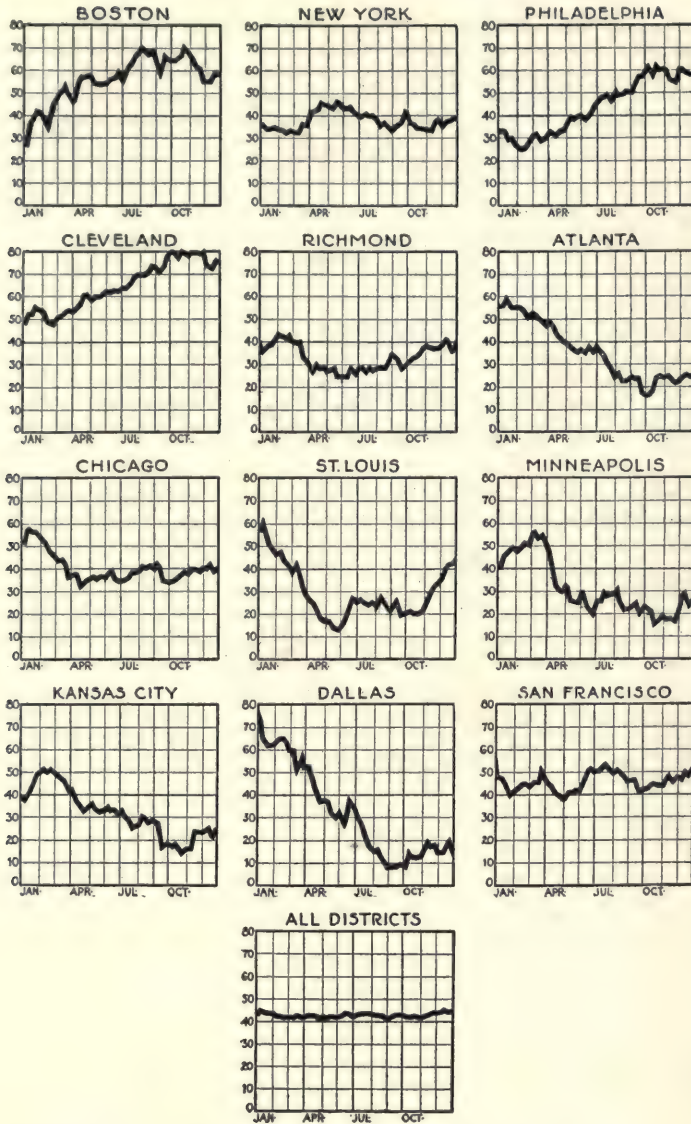
THE way in which credit elasticity was maintained and credit was sent where it was most needed, is graphically illustrated by the accompanying diagram which shows for the year 1920 the reserve percentages of each of the Reserve Banks before giving accommodation to other Reserve Banks or receiving accommodation from them.

While the reserves of all these banks were actually kept at or above the legal minimum of 40 per cent. on notes and 35 per cent. on deposits by means of rediscounting between Federal Reserve Banks where necessary, the lines in the diagram show what the reserves would have been had each Reserve Bank operated purely as an independent insti-

tution, relying only upon its own reserves. The diagram illustrates particularly clearly the heavy seasonal assistance which Reserve Banks in the agricultural sections require, and shows the Federal Reserve Bank of New York at times as a lender and at times as a borrower.

But in the reserve percentage of the entire Federal Reserve system, shown in the block at the bottom of the diagram, there were no such wide fluctuations as occurred in the percentages of the individual banks. While reserves in individual banks fell as low as 9 per

*From the Sixth Annual Report of the Federal Reserve Bank of New York.



Reserve percentages of Federal Reserve Banks each week in 1920 as they would have appeared if no borrowing had taken place between Federal Reserve Banks

cent. and rose as high as 81 per cent., the reserves of the system as a whole fluctuated between the narrow limits of 45.8 per cent. and 41.4 per cent. There could be no better evidence of the unity of the system brought about by the rediscounting operations between the twelve Reserve Banks which are carried on when needed under the direction of the Federal Reserve Board. These operations were effected instantly over

private telegraph lines and settled for daily through the Gold Settlement Fund. Thereby, the twelve reserve banks, for all purposes requiring the extension or transfer of credit between various sections of the country, became in effect a single reservoir of credit. And through these operations it was possible to maintain a degree of equilibrium in credit heretofore unknown in the United States.

Banking and Financial Industry

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

1921 Edition "Acceptances"

MEN needing this practical exposition of the latest developments in the use of Bankers' and Trade Acceptances as an authoritative reference book in connection with the daily conduct of their business will find complete information of the best practice within the covers of our Third Revised Edition of this standard work on "Acceptances."

The American Exchange National Bank

128 Broadway, New York City

Established in 1838

Nationalized in 1865

*Our Monthly Letter will be sent free
to those desiring a brief review of
world economic developments.*



THE value of first impressions is widely recognized. Not only is the bank doorway the means through which such impressions are conveyed to the public, but it is a detail of the bank's architecture which can not be hidden, being seen by those who pass in or out or by the bank.

The new doorway of the Seaboard National Bank, at the corner of Broad and Beaver Streets, New York, by its graceful proportions and beauty of design, offers such an inviting welcome that it is difficult to pass it by—certainly not without an appreciative and friendly glance.

Alfred C. Bossom

Bank Architect and Equipment Engineer

680 Fifth Avenue, New York

Correspondence Invited

International Acceptance Bank, Inc.



Artistic Doorway of the International Acceptance Bank

FOR the purpose of effectively providing the enlarged banking facilities which the post-war requirements have imperatively demanded, a union of strong and well-known banks and banking firms has been formed under the title of the International Acceptance Bank, Inc., with a capital and subscribed surplus of \$15,250,000. Among the stockholding banks and firms are: United States: First National Bank, Birmingham, Ala.; First National Bank and Old Colony Trust Company, Boston, Mass.; First National Bank, Chicago, Ill.; Cleveland Trust Company and Central National Bank Savings and Trust Company, Cleveland; Ohio; First and Old Detroit National Bank, Detroit, Mich.; Fidelity National Bank and Trust Company, Kansas City, Mo.; First National Bank, Los Ange-

les, Cal.; Northwestern National Bank, Minneapolis, Minn.; Corn Exchange Bank, Huth & Company, Kuhn, Loeb & Company, New York Trust Company, New York, N. Y.; Slater Trust Company, Pawtucket, R. I.; Franklin National Bank, Philadelphia, Pa.; First National Bank, Portland, Ore.; Rhode Island Hospital Trust Company, Providence, R. I.; Wells-Fargo Nevada National Bank, San Francisco, Cal.; Seattle National Bank, Seattle, Wash.; First National Bank in St. Louis, St. Louis, Mo.; First National Bank, Youngstown, Ohio. Belgium: Banque Centrale Anversoise, Antwerp; Banque de Bruxelles, Brussels. Canada: Merchants Bank of Canada. Great Britain: N. M. Rothschild & Sons, National Provincial and Union Bank of England, Ltd., London. Holland: Nederlandsche Handel - Maatschappij, Hope & Company, Amsterdam. Sweden: Aktiebolaget Svenska Handelsbanken, Skandinaviska Kredit Aktiebolaget, Stockholm. Switzerland: Swiss Bank Corporation, Basle; Credit Suisse, Zurich.

Through the coöperative efforts which the affiliations with these banks and banking firms assure, the International Acceptance Bank, Inc., gains much support and added strength, the important foreign connections supplying the means of close banking and financial relations with various parts of the world. Furthermore, through these connections the bank is placed in a position to supply its clients with advice and information which is rarely obtainable in the ordinary course of business correspondence.

Its clients will be assured that through this association of banking interests their business will be handled intelligently, and that their customers at home or abroad will be approached by men thoroughly familiar with local conditions. The sympathetic interest shown to a foreign customer by agents of his own nationality is an important feature in cultivating and maintaining



PAUL M. WARBURG
Chairman of Board,
International Acceptance Bank



DANIEL G. WING
Vice-Chairman of the Board,
International Acceptance Bank



Private Office of Paul M. Warburg, Chairman

satisfactory business relations in foreign countries.

A further element of strength and efficiency in the new institution is to be found in the official staff and board of directors, comprising, as may be seen from the accompanying list, some of America's best-known banking and business men:

Officers: Paul M. Warburg, chairman of the board; Daniel G. Wing, vice-chairman of the board; F. Abbot Goodhue, president; P. J. Vogel, L. Nachmann, E. W. Davenport, vice-presidents; Fletcher L. Gill, secretary and treasurer.

Directors: Newcomb Carlton, president Western Union Telegraph Co., New York; Emory W. Clark, president First and Old Detroit National Bank, Detroit; Walter E. Frew, president Corn Exchange Bank, New York; F. H. Goff, president Cleveland Trust Co., Cleveland; F. Abbot Goodhue, president; Robert F. Herrick, Herrick, Smith, Donald & Farley, Boston; J. R. McAllister, president Franklin Na-



© BY BACHRACH

F. ABBOT GOODHUE

President, International Acceptance Bank



Private Office of F. Abbot Goodhue, President



Board Room



Committee Room



General Office and Vice-Presidents' Quarters

tional Bank, Philadelphia; Charles B. Seger, president United States Rubber Co., New York; Lawrence H. Shearman, W. R. Grace & Co., New York; William Skinner, William Skinner & Sons, New York; H. C. Sonne, Huth & Co., New York; Philip Stockton, president Old Colony Trust Co., Boston; Felix M. Warburg, Kuhn, Loeb & Co., New York; Paul M. Warburg, chairman of the board of directors; Thomas H. West, Jr., president Rhode Island Hospital Trust Co., Providence; Daniel G. Wing, president First National Bank of Boston, Boston.

OPPORTUNITIES FOR THE BANK'S SERVICE

With the experience gained by the war, with many channels of much-needed international financial intercourse closed, with the many opportunities for financing international trade before us, there is a distinct and unique place for a banking institution thoroughly equipped to supply its own and its correspondents acceptances for legitimate trade and finance the world over.

It was the aim and ambition of the organizers of the International Acceptance Bank, Inc., to realize this plan.

The bank will devote itself primarily to financing all kinds of export and import trade through cash advances or the medium of its own dollar acceptances. Where similar credits may be required in foreign currencies, the bank is fully equipped to supply the same through its foreign connections. It is likewise in a position to finance trade between foreign countries.

In the development of all international trade and finance, transactions in foreign exchange are, of course, a prime factor. The International Acceptance Bank, Inc., has an active foreign exchange department under expert management, which is equipped to handle the transfer of funds to and from this country, to make transfers between foreign countries, and to effectuate collections and payments in every part of the world.

The great importance of the bank's



Partial View of Foreign Exchange Department

foreign connections for its foreign exchange department is self-evident. Quite apart from the fact that this business will be done direct, and all costs of intermediaries will be saved, it will place information and service at its clients' disposal, which otherwise would be most difficult if not impossible to obtain.

Both on account of the diversity and

strength of its ownership, and the experienced character of its management, the International Acceptance Bank, Inc., enters the field of foreign banking and finance with an equipment which will enable it to render peculiarly valuable assistance in carrying on and in further developing the foreign trade of the United States and of the entire world.



Safety Paper Will Help to Prevent Fraud

ALL banks and business houses will help to prevent fraud if they use safety paper for all drafts, checks, notes, etc.

An instance of fraud was recently perpetrated on the State Savings Bank at Council Bluffs, Iowa, because their bank did not use safety paper for its cashier checks.

A stranger wrote a cashier's check

for one dollar thirty cents. The next day the mutilated check was returned by the owner of a nearby cigar store and was refused because of alteration in the original figures. The amount following the dollar sign was changed to sixty-one dollars and thirty cents.

The check was originally cut with a protectograph with a block figure preceding the word *one*. The check had

been put into another protectograph and when mutilated showed the same color of red as the word *one*.

If the cashier's check had been of safety paper it would have been impossible to have altered the check and passed it to an innocent person, without immediate detection.

A very short time after, the same kind of a fraud was perpetrated on the

City National Bank of Council Bluffs. This check was cashed in Omaha. Again a stranger wrote a cashier's check for a small amount which was changed to ninety some dollars.

In both instances detective agencies were notified but so far have been unable to catch the culprit. Bank officials are of the opinion that both cases of fraud were executed by the same person.



Making it Safe to Build

By Noble Foster Hoggson

President Hoggson Brothers

THERE are few individuals who build today purely from the instinct or love for creating. The final test of any building in this age is its utility. Every structure must be regarded as an investment and, as such, requires careful preliminary study.

There are as many gauges of the utility of a structure as there are types of building. In a commercial structure the gauge is its earning capacity; in a private residence success is largely measured by the degree of comfort and convenience accorded its occupants; in a bank building or home for a financial institution the return may be based on an increased good will or prestige, together with an ability through efficient arrangement to better serve the public. In whatever form the return, the building represents an investment of capital for profit—and there can be no profit unless it meets the requirements imposed by the investment.

The initial decision to improve a piece of property must be made by the owner, and while *structural* pitfalls may be avoided by the choice of a tried and experienced building organization, the *economic* responsibility must necessarily rest with the owner. This economic phase must be studied and settled before the structural problem is approached.

So far as the actual work of build-

ing is concerned there now is a standard procedure for the solution of the construction problem. Not a brick is laid for the new building until the architectural design has been completed, the plans approved, depth of excavation decided, kinds of materials chosen and most important of all—the cost determined.

There is no corresponding standard practice for the approach of the preliminary economic problem. Knowing his needs, the owner should consider every type of building which might meet his requirements and under every type investigate and weigh every factor which might affect the future utility of the structure he proposes to erect.

In considering the erection of a commercial building, the owner should satisfy himself as to the probable demand for its use, the permanence of the demand, competition of present and future buildings of the same class, and the stability of the zone, before he decides the type of structure. He should also bear in mind that the commercial value and the cost of construction are not necessarily the same; for a building that is well planned, well built, of attractive appearance, and favorably located, often acquires a capital value greatly in excess of its cost of construction.



Main Banking Room from the Officers' Quarters at the Head Office of The Equitable Trust Company of New York, 37 Wall Street



Equitable Trust Company of New York, Head Office, 37 Wall Street

Equitable Trust Company Celebrates Fiftieth Anniversary

PRESIDENT Alvin W. Krech and the trustees of the Equitable Trust Company of New York were entertained by the officers of the company at a dinner, held in the University Club, Tuesday evening, April 19, 1921, in commemoration of the fiftieth anniversary of the company's birth.

A handsome silver loving cup was presented to Mr. Krech by the officers. A number of the company's trustees gave interesting reminiscences of the earlier days of the institution. Addresses were delivered by the following: Alvin W. Krech, Charles B. Alexander, Albert B. Boardman, Charles Hayden, Hunter S. Marston, James C. Donnell,

Arthur W. Loasby and Heman Dowd. Edward T. Jeffrey was toastmaster.

In a brief review of the company's history, President Krech outlined the really remarkable progress of this company and its phenomenal growth.

The Equitable Trust Company was chartered April 19, 1871, by special act of the New York State Legislature, under the name of the Traders Deposit Company, with an authorized capital of \$50,000, of which \$16,000 was paid in on May 27 of the same year when the company was organized and proceeded to business.

On April 2, 1902, the paid-in capital stock was increased to \$1,000,000, and



Income Tax Department at the Main Office

the corporate name of the Deposit Company was changed to its present title and its activities were extended to include every bank and trust function authorized by the state banking laws.

In 1909 the Equitable in accordance with the spirit of the progressive institutions of the period conducted a series of important mergers resulting in a tremendous growth and the centering in



Officers Quarters, Trust Department at the Main Office



Executive Offices, Bond Department, Fifth Floor, 37 Wall Street, New York

this company of wide and diversified connections. Since 1912 the company has continued to make rapid strides in size and prestige.

The story of the growth of the Equitable is a business romance. In 1902 the officers and clerical force numbered about twenty-three. To-day there are approximately 1151 officers and employees in New York alone. The foreign branches, offices and correspondents of the company cover all parts of the world.

In the year 1903, the capital of the company was increased to \$3,000,000; its surplus in that year was \$8,500,000; its undivided profits \$540,000, and its dividend rate nine per cent. annum. In 1917 the capitalization was increased to \$6,000,000; the company surplus at this time was \$10,500,000; undivided profits \$1,843,000, and the annual dividend rate 21.45 per cent. per annum. In 1919 the capitalization was again increased to \$12,000,000; the total sur-

plus at this time being \$14,500,000. The company paid annual dividends of twenty-five per cent. in 1918 and 1919, and twenty per cent. in 1920. Dividends are now being paid at the rate of four per cent. quarterly.

Since 1912 the home office of the Equitable Trust Company has been located at 37 Wall Street.

Local offices are also maintained at 222 Broadway, known as the Colonial office, and at Madison Avenue and Forty-fifth Street, known as the Uptown office.

The former has been occupied since 1912, and the latter since September, 1918, succeeding the former Uptown office at 618 Fifth Avenue.

The Uptown office is located in the heart of the rapidly growing uptown financial center. This organization is a complete banking institution in itself. It includes every department of general banking, trust, foreign exchange, and investment service.

The Equitable has a highly developed system of correspondent banks throughout the world, numbering about 11,000. This year several important branch offices have been established in the United States and direct wires installed to Philadelphia, Chicago and Atlanta. A San Francisco office is now being established to facilitate the Company's Pacific Coast business.

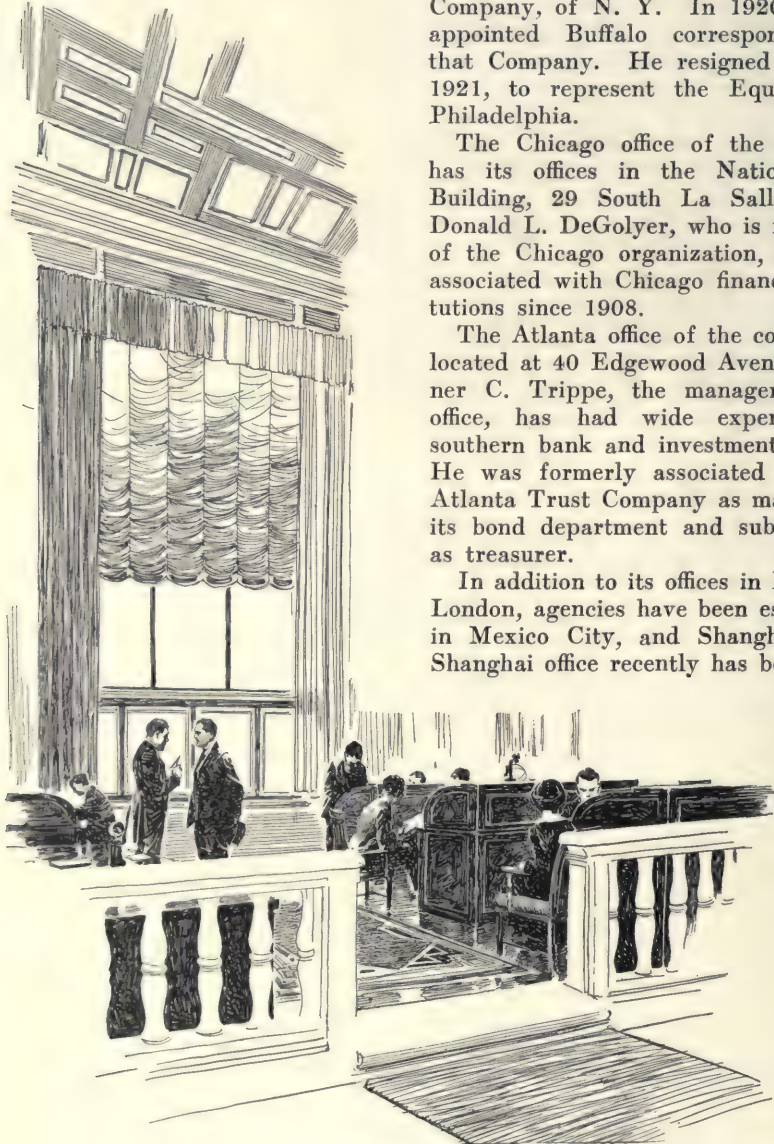
The new Philadelphia office of the

Company is located in the Land Title Building, Broad and Chestnut Streets. Alan W. Pease, Philadelphia representative in charge of this office, is a graduate of John Hopkins University, Baltimore. His early business training was secured in the services of the Crowell Publishing Company and the Curtis Publishing Company. He entered the banking business in 1918, becoming a member of the new business department of the Guaranty Trust Company, of N. Y. In 1920 he was appointed Buffalo correspondent of that Company. He resigned in May, 1921, to represent the Equitable in Philadelphia.

The Chicago office of the company has its offices in the National Life Building, 29 South La Salle Street. Donald L. DeGolyer, who is in charge of the Chicago organization, has been associated with Chicago financial institutions since 1908.

The Atlanta office of the company is located at 40 Edgewood Avenue. Turner C. Trippe, the manager of this office, has had wide experience in southern bank and investment matters. He was formerly associated with the Atlanta Trust Company as manager of its bond department and subsequently as treasurer.

In addition to its offices in Paris and London, agencies have been established in Mexico City, and Shanghai. The Shanghai office recently has been taken



Officers' Quarters at the Uptown Office



Uptown Office, Madison Avenue at 45th Street

over by the Equitable Eastern Banking Corporation, a subsidiary of the Equitable Trust Company, which has been organized to take care of the Far Eastern business of the company.

Mr. Krech closed his address with the following statement: "This week the Equitable Trust Company of New York celebrates the fiftieth anniversary of its birth. Founded, in April 19, 1871, as the Traders Deposit Company, the Equitable has built for itself a distinctive place in the life of New York and the nation.

"Old in years but youthful in spirit, conservative in management but progressive in ideas, mindful of tradition but unafraid to pioneer, great in resources but not too great to lose the human touch, never confusing dignity

with aloofness, and conceiving of bank service as public service—this is the Equitable of today.

"As we begin our second half century we are proud of our record of honorable, useful service in national and international finance, and of the intimate place we occupy in the lives and every-day affairs of our depositors."

EQUITABLE'S PRODUCT—SERVICE

The Equitable's product for sale is service; service to individuals, business firms and corporations and to dealers and banks, both foreign and domestic. Its charter, organization and resources enable it to handle practically every kind of financial transaction and perform every variety of trust service.

To the individual, the Equitable



Colonial Office, 222 Broadway

offers a wide range of service acting as depository for checking accounts, facilitating travel abroad, and in the United States, encouraging and fostering saving and investing, safekeeping securities and other property, in the building of estates during life and in acting as executor, administrator, trustee, guardian or conservator after death.

It offers service in looking after insurance taxes, rents, and the collection of income. It offers service in expert advice and judgment in every variety of financial relationship or transaction.

To the business firm or corporation the Equitable offers the same variety and scope of service extended to individuals. It finances exports and imports, makes collections on all parts of

the world, collects credit information on domestic and foreign firms for customers, discounts bills, makes loans and performs every other bank service possible in domestic and foreign business. It acts as fiscal agent in the payment of coupons, interest and principal, as trustee for corporate bond issues, as registrar and transfer agent in corporate stock issues and handles railroad, public utility and industrial reorganizations.

To the individual and to the business concern the Equitable can be friend and adviser in every step requiring financial guidance.

To banks the Equitable offers special service based upon personal rather than routine, impersonal attention, and enabling them to better serve their own customers.

Service depends upon equipment, ability, enterprise and integrity; and Equitable Service is built upon these things. Its policy is always to get and keep business only on a strictly service basis. This institution has always adhered to the old-fashioned belief that service performed should be equal to or greater than service promised. Throughout the entire organization the word service retains all of its old-time meaning.

Willingness to adopt every progressive means for business expansion and use of the most modern methods has resulted in the Equitable's passing in the last five years many much older and better-known institutions.

The company is continually making the name "Equitable Trust Company" and its service better known throughout the United States and attracting new customers for every department of the institution from the great mass of potential bank, investment and trust service users in New York.

A particularly interesting newspaper advertising campaign is now being conducted in New York supplemented by a general magazine campaign.





Main Banking Room

Coal and Iron National Bank of New York

THE Coal and Iron National Bank opened for business on April 11, 1904, with a capital of \$300,000 and surplus of \$200,000, having been organized principally by important coal, railroad and affiliated interests together with a substantial representation from manufacturing, mercantile and important financial interests.

The bank took over the quarters then occupied by the Bankers Trust Company and previously occupied by the Liberty National Bank at the corner of Liberty and West Streets, and has been a success from the start, the banking rooms having been enlarged three or four times until to-day they occupy the greater part of the two first floors in the building.

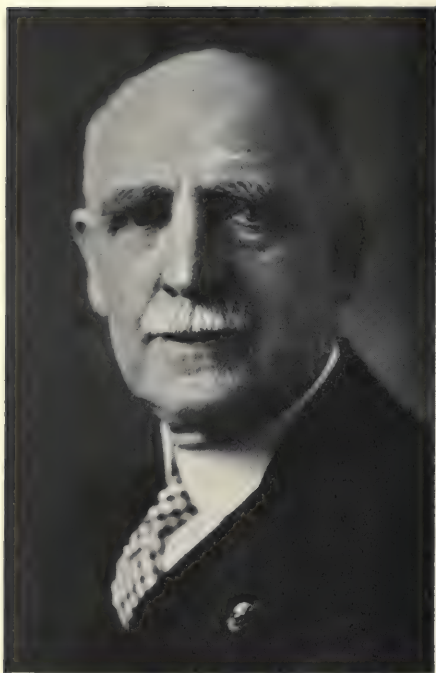
In 1907 the capital was increased to \$500,000 and the surplus to \$500,000 through the sale of additional stock and accumulation of earnings. In 1909 the

capital was again increased to \$1,000,000 through the declaration of a dividend of one hundred per cent., which was utilized by stockholders to subscribe to additional stock at par.

In March, 1919, the capital was further increased to \$1,500,000, the stockholders having been given the right to subscribe to the additional stock at 150 per share, on which dividends were increased to twelve per cent. per annum. Surplus and undivided profits now aggregate over \$1,500,000, so that the net result to the shareholders has been very satisfactory.

DEPARTMENTS AND SERVICES

This bank was one of the first to recognize the advantages of a trust department, and one was opened in June, 1919. The savings department was opened in March, 1921, both being now located on the second banking floor.



JOHN T. SPROULL
President

Every department of banking is handled, both domestic and foreign, and all the functions of a completely organized trust and investment business, as well. The gross deposits now exceed \$14,000,000 and since the completion of the new banking rooms considerable momentum has been perceptible in the growth of business, a number of new accounts having been received from important business interests. It has a modern safe deposit vault which is a very great convenience for its depositors who are thus enabled to take care of all their financial and fiduciary needs in one institution.

The substantial growth of the bank is due largely to its policy of developing intimate and friendly relations with all of its depositors, the banking rooms having been arranged so that the officers are at all times accessible, which makes a very satisfactory impression on all who deal with them. The bank specializes in serving out of town banks and trust companies and the security, investment and credit departments are so



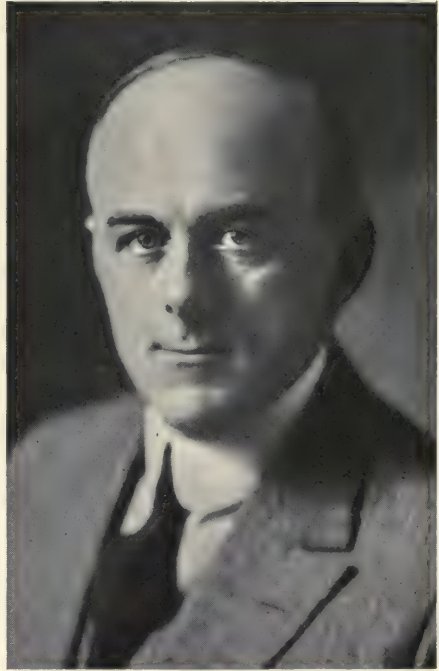
View of Main Banking Room and Officers' Quarters in the Rear

efficiently adapted to the requirements of their correspondents that many country banks find it a great convenience to depend almost entirely upon the facilities of this bank for all their investments and credit information.

THE NEW QUARTERS

The bank now occupies two floors of the Central Building, where it was previously crowded into one. The first floor above the street is used as a clerical savings and trust department, banking operations having been transferred thereto without interruption of business.

The architectural treatment of the banking quarters is of modified doric with art caen stoned walls above Botticino marble wainscot and screen walls with Tennessee marble floor in the public space. The floor in the officers quarters is cork tiled. Sound proof plaster ceilings have been installed in the stenographic and conference rooms. All the woodwork throughout the bank is of mahogany finish. The bank screen



DAVID TAYLOR
Vice-President



Officers' Quarters



ADDISON H. DAY
Cashier

walls are of Botticino marble faced with glass tops and deal shelves with verde antique finish. There are five paying and three receiving tellers, security, foreign exchange, foreign drafts, loan, discount and substitution windows.

The credit department and the officers' quarters open on the public space with a low marble faced counter wall surrounding the credit department and an open marble balustrade around the officers' quarters with a customers' table at the corner. All the customers' tables are of marble with glass top and backs. In the coupon rooms the woodwork has been remodeled and finished in mahogany with mahogany furniture throughout. There are glass tables on metal supports and the floor is of rubber stone.

The women's room on the first floor is finished with wicker tapestry furniture and equipped with electric heating appliances.

The directors' room on the first floor is finished with plain stippled decorated



Reception Day in the Officers' Quarters



WILLIAM H. JAQUITH
Assistant Cashier



WALLACE A. GRAY
Assistant Cashier



ARTHUR A. G. LUDERS
Trust Officer

ceiling and walls, above mahogany wainscot with paneled plaster ceiling, and mahogany furniture.

The bank is equipped with the regular public service telephones, intercommunicating selecto phone telautograph, buzzer bell and alarm system, mail con-

veyer, time checking, recording, secondary clock system.

OFFICERS AND DIRECTORS

John T. Sproull, the president, David Taylor, Allison Dodd, vice-presidents, and Addison H. Day, cashier have been



Office of President Sproull on Day of Opening

connected with the bank since it began business, and the other officers almost since its inception. Mr. Dodd is also president of the Bloomfield Trust Company of Bloomfield, N. J. The assistant cashiers are William H. Jaquith and Wallace A. Gray, and trust officer, Arthur A. G. Luders.

The directorate represents an unusual diversity of business interests as follows:

Francis J. Arend, president De Laval Separator Co.; John F. Birmingham, president D. L. and W. Coal Co.; Wm. G. Besler, president Central R. R. of N. J.; M. F. Burns, president Burns Brothers; George H. Campbell, assistant to president B. & O. R. R. Co.; Alfred A. Cook, Leventritt, Cook, Nathan & Lehman; Henry L. DeForest, DeForest Brothers; Albert H. Diebold, treasurer Sterling Products Inc.; Allison Dodd, director Burns Brothers; Joseph A. Flynn, Flynn & Harrison Insurance; Wm. M. Hager, assistant to president American Car and Foundry Co.; W. J.

Harahan, president Chesapeake & Ohio R. R.; Ford Huntington, vice-president New York Telephone Co.; Stanley P. Jadwin, O. H. Jadwin and Sons; Henry L. Joyce, president Dykman St. & Englewood Ferry Co.; John C. Juhring, chairman board Francis H. Leggett & Co.; John L. Kemmerer, Whitney & Kemmerer; Albert B. Kerr, Zabriskie, Sage, Kerr & Gray; James H. McGraw, president McGraw-Hill Co.; John A. Middleton, vice-president Lehigh Valley R. R. Co.; Edwin H. Peck, E. H. & W. J. Peck; Wm. B. Randall, president Security Transfer and Registrar Co.; Benj. D. Riegel, president Riegel Sack Co.; Edwin M. Rine, vice-president and general manager D. L. & W. R. R. Co.; John T. Sproull, president; John W. Sullivan, president John W. Sullivan Co.; William H. Taylor, president St. Clair Coal Co.; David Taylor, vice-president; G. O. Waterman, auditor New York and Long Branch Railroad Co.; Frank D. Wilsey, president New York Boat Oar Co.



Safe Deposit Vaults

A State-Wide Banking Service



The home office of the Industrial Trust Co.
at Providence

WITH the opening in East Providence, Rhode Island, of its ninth branch office on Saturday, April 30, the Industrial Trust Company, which has its headquarters in Providence, added a new link to an organization which extends throughout the state of Rhode Island.

The Industrial Trust Company was incorporated in 1886 and commenced business on August 1, 1887. Its capital on that date was \$500,000. Col. Samuel P. Colt, who is now chairman of the board of directors, was the first president of the bank. For the past nine years Col. H. Martin Brown has been president and during this time the bank has nearly doubled its resources. The last report to the bank commissioner showed total resources of more than \$80,000,000 with a capital, surplus and undivided profits of \$9,244,700.

The outstanding feature of the Industrial Trust Company's policy is that of making available to business concerns and individuals in communities throughout the state facilities which are not ordinarily offered by small banks. This

policy has been carried out by establishing branch offices, many of them occupying specially constructed buildings. The building in Westerly and the newly opened East Providence branch are both notable examples of fine architecture and utility. Other branches are in Pawtucket, Woonsocket, Wickford, Newport, Pascoag, Bristol and Warren, the main offices being in Providence.

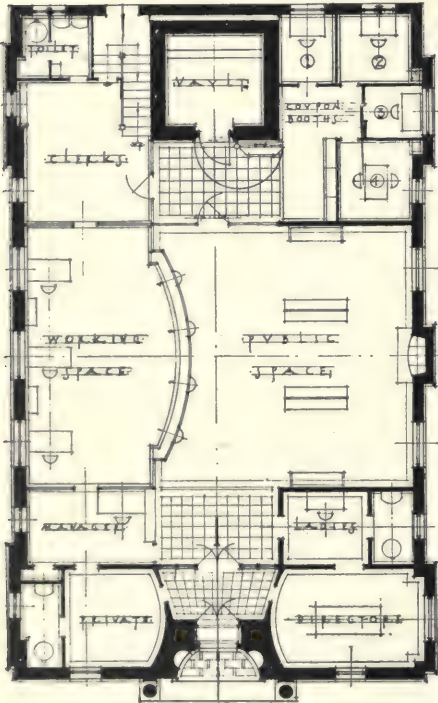
In the larger of these communities a local board of managers controls the affairs of the branch office. This gives the conduct of the branch office business the local interest which has attracted to the Industrial Trust Company a very large percentage of the state's population. The men are chosen from among the leading men of the community whose own interests are largely centered there. Thus the branch office becomes a factor in promoting the progress of its locality.

The East Providence office opening was made a civic occasion. Personal invitations from Col. H. Martin Brown, president, to visit the new building and inspect its facilities were sent to the residents of the community. In spite of a driving rain which continued all day, the building was crowded with visitors.

The building is of a handsome design. Mahogany, bronze and steel fittings make the interior attractive and thoroughly practical. A large steel vault contains more than 800 safe deposit boxes of varying sizes. The customary wickets for tellers flank one side of the main banking room, with a delightfully attractive fireplace opposite. Coupon rooms, conference rooms and several small offices provide facilities for meetings and consultations.

The board of managers of the new office consist of Fred B. Halliday, chairman; T. Howard Ray, George M. Hull, Robert G. McMeehan, Samuel P. Colt, and H. Martin Brown. Frederic W. Rounds is the manager.

The Industrial Trust Company expects to have its tenth branch ready for



The newest branch office of the Industrial Trust Co., at East Providence, with floor plan and views of the interior



The branch at Warren, R. I. Each branch is a bank in itself with practically all the facilities of the home office

business later in the year. This will be located at Hoyle Square, which although close to the heart of the city, forms an almost independent community. Many large plants and a considerable group of merchants are located nearby. A large residential section is within a stone's throw of the new location. The establishing of the Hoyle Square branch is a continuation of the Industrial Trust Company's policy of making more bank customers in the territory which it serves, by bringing the bank's service into accessible and convenient locations.

The officers and directors of the Industrial Trust Company are:

Officers: Samuel P. Colt, chairman of the board of directors; H. Martin Brown, President; Joshua M. Addeman, Samuel M. Nicholson, Florrymon M. Howe, Ward E. Smith, Henry B. Congdon, Elmer F. Seabury, vice-presidents; J. Cunliffe Bullock, vice-president and trust officer; Chester R. Martin, treasurer; Harry C. Owen, secretary; Ellery Holbrook, assistant treasurer; Earl S. Crawford, Nicholas E. Carr, William G. Roelker, assistant secretaries; Carleton E. Taft, audito.

Directors: Samuel P. Colt, Joshua M. Addeman, H. Martin Brown, J. Milton Payne, Eben N. Littlefield, Ezra Dixon, Lyman B. Goff, Samuel M. Nicholson, James R. MacColl, Harold J. Gross, R. Livingston Beeckman, Walter S. Balou, Albert H. Sayles, James M. Pendleton, Everett I. Rogers, Erling C. Ostby, John S. Holbrook, Edward H.



Another typical modern branch building, the office at Westerly, R. I.

Rathbun, Henry A. Hoffman, Alfred M. Coats, Frank L. Pierce, Edward B. Aldrich, Florrimon M. Howe, Frederic W. Howe, Walter F. Angell, Frederick

L. Jenckes, Edgar J. Lownes, LeBaron B. Colt, James H. Higgins.

On April 12, 1921, the company's condensed statement was as follows:

RESOURCES		
United States bonds and certificates of indebtedness...	\$8,274,952.50	
Loans and discounts.....	25,625,904.23	
Real estate mortgages.....	6,537,181.02	
Bonds, stocks and short term notes	22,309,936.33	
Banking houses	1,160,500.00	
Call loans	\$7,818,056.75	
Due from banks, bankers and U. S. Treasurer	6,757,515.59	
Cash	2,424,752.30	17,000,324.64
		<hr/> \$80,908,798.72

LIABILITIES	
Capital	\$3,000,000.00
Surplus	4,000,000.00
Undivided profits	2,244,702.39
Reserves for interest, taxes, etc.	678,327.49
Reserved for depreciation of investment securities	700,000.00
Deposits	70,285,768.84
	<hr/> \$80,908,798.72



New Uptown Office of Bankers Trust Company



© UNDERWOOD & UNDERWOOD, N. Y.

H. H. MCGEE

Vice-President Bankers Trust Company in Charge of Fifty-Seventh Street Office

THE new uptown office of the Bankers Trust Company was opened to the public on March 30. The office occupies the ground floor, mezzanine, and two basements of the new fifteen-story building erected by the company on the northwest corner of Fifty-seventh Street and Madison Avenue, in the heart of a district which is rapidly assuming the proportions of an uptown business center.

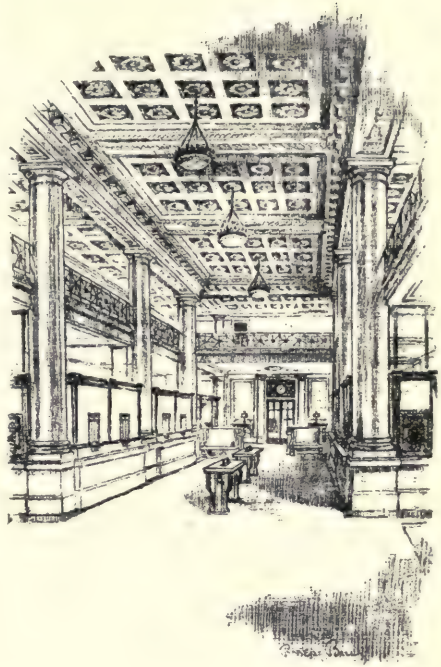
All the facilities of the other offices of the Bankers Trust Company, those at 16 Wall Street and at Fifth Avenue and Forty-second Street, are available in the new office, where a general banking and trust business is being transacted.

The building, which is of simple classic design, is fifteen stories in height, constructed of brick with a limestone base and a colonnade treatment of facades. It is capped with stone and bears a classic cornice surmounted by a roof of green Italian tile. The entrance to the rentable portion of the building is on Madison Avenue, while the approach to the banking-room is on Fifty-

seventh Street through a doorway flanked by two elevators, communicating with the vaults and with the mezzanine floor, which surrounds the central well and on which are located the bookkeeping, auditing and other departments.

The banking room is done in marble with bronze fittings, while marble pillars support the coffered ceiling. The desks of the officers are situated at the right and left of the door where they are readily accessible. Beyond, and on each side, are the cages, and facing the entrance is a spacious ladies' room with adjacent cages and a comfortable rest-room.

Descending to the floor below by elevators, access is given to the vault through a massive steel grill. The main vault is situated in the center of a marble-walled room and is constructed of concrete reinforced by twisted steel bars with an inner casing of five-ply laminated steel, forming a drill proof and fire-resisting shell enclosing over



Main Banking Room at Fifty-Seventh Street Office



Fifty-Seventh Street Office at Madison Avenue

seven thousand safe deposit boxes, in addition to safe-keeping space for the use of the bank.

Around the vault are a number of metal booths for the convenience of customers using the safe deposit facilities.

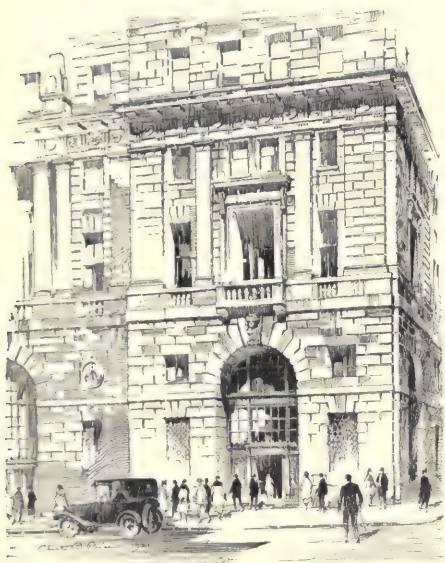
On the floor below is the silver vault, affording space for the storage of bulky valuables.

The new office is caring for all the business of the company which depositors of the other offices have cared to transfer to it for their convenience, and is inviting and developing its new business from above Fiftieth Street.

Hugh H. McGee, a vice-president, is in charge of the office, and the other officers are: Clifford Wilmurt, formerly of the Fifth Avenue office, and Ranald H. Macdonald, Jr., of the Wall Street office, assistant treasurers. Miss Jean Arnot Reid is in charge of the women's department, which is expected to be particularly active in this office because of its convenience to the residential sections.

Produce Exchange Branch of the Mechanics and Metals National Bank

THE Produce Exchange Branch of the Mechanics and Metals National Bank of New York which was formerly the Produce Exchange Bank, established in 1883 in the Produce Exchange Building, in 1905 moved to the quarters it has since occupied at the corner of Beaver street and Broadway. This bank building, in its time, was up-to-date in its appointments, but



Produce Exchange Branch, Cunard Building

the institution developed so rapidly through the intervening years, that at the time of the merger with the Mechanics and Metals National Bank in June, 1920, it became evident that the old quarters were no longer adequate for the requirements of modern banking.

A satisfactory location has been found in the Cunard Building, at 25 Broadway, as the construction of this building allows for the expansion of the facilities of the Produce Exchange Branch.

The new banking quarters occupy

the Morris Street corner of the building, and face upon Broadway. The main banking-room is oak-panelled, the proportions of which are perfectly planned for the requirements of the public and of the staff. To the right of the entrance is the space reserved for the manager and his assistants. To the left of the Broadway entrance, and adjacent to the door which leads to the Cunard vestibule, is the note teller's cage, conveniently accessible to the public.

The public space extends directly back from the entrance, with desks for depositors between the pillars in the center of the room. In the rear of the officers' quarters, and to the right of this space, are the cages; loans and discounts, the paying teller's, and the certification and signature departments.

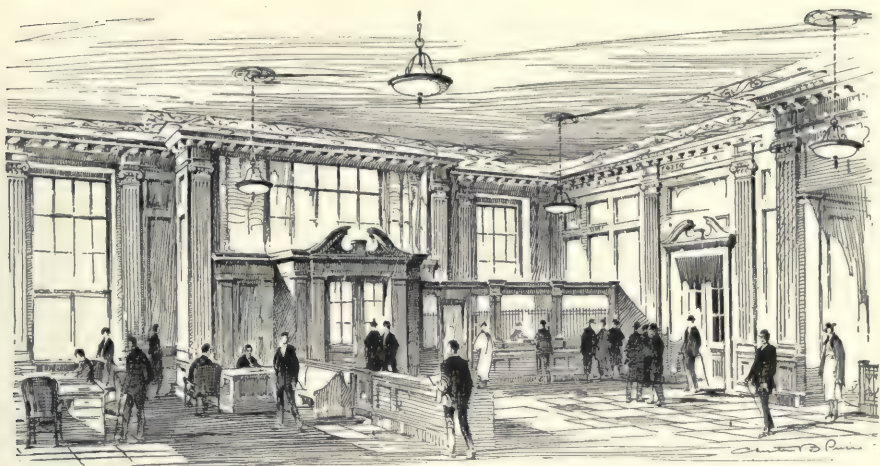
At the left of the public space and immediately behind the bank's private stairs and elevators, is the receiving teller's cage.

An elevator in the paying teller's cage is designed to carry cash to the vaults on the floor below. Private stairs also connect the vault with this floor and at the foot is a passageway leading directly to the bank's private vault.

On the second floor, which is reached by the bank's private elevators, as well as by the elevators in the Cunard Building, are the foreign department, credit, securities and bookkeeping departments and the collection and statement cages.

A wide corridor runs across the front of the building on this floor off of which is the foreign department with its cage, manager's room, and conference room. Beyond is the women's rest room, a special feature being a kitchenette opening off of the rest room.

From a large window in the corridor can be seen the great rotunda of the Cunard office, the walls of which are of



Main Banking Room

Italian marble, and in the dome, seventy feet above the floor, are mural paintings. The corridor is wide enough, so that, as the future requires it, desks can easily be placed along its length. On this floor also is a meeting room for officers' conferences and book and stationery vaults.

Modern science has created the most completely equipped of safety deposit vaults which are the last word in convenience and security. Situated in the basement of the building, the lobby of the Mechanics and Metals Safe Deposit Company is reached by the bank's private stairs and elevators. At one end of this hall are conference and reception rooms and a locker room for the employees, and at the other end are the vaults.

From this floor a second vault in the sub-cellar is reached. This constitutes the lower portion of the main vault and rests on actual bed rock.

Surrounding the entire vault are passage ways, or observation galleries, so placed that a guard can keep the entire wall space under surveillance.

A system of units has been installed in the lower vault, so arranged that a client can rent his own coupon room with a private vault connecting—a vault within a vault. These units are of various sizes and round out a sys-

tem which is well planned from the standpoint of security and convenience.

The managing staff of the branch is as follows: Thomas B. Nichols, manager and Charles H. Tompkins, H. W. Macomber, Clarence B. Wilkes, assistant managers.



Entrance to the Produce Exchange Branch

Union Trust Company of Cleveland, Ohio

THE newly-remodeled banking quarters of the Union Trust Company of Cleveland were formally opened on May 9, although banking business has been carried on during all the alterations. Many floral tributes showing the good will and cordial feeling of fellow-bankers were received and added a delightful touch to the new banking rooms on the opening day.

The change has been made in the building of the Citizens Savings and Trust, which was one of the six banks that united to form the present company the first of this year. All the banks are now brought together under one roof in the downtown headquarters.

Immediately upon the consolidation, work was begun and has been pushed forward day and night under the supervision of one of the bank's vice-presi-

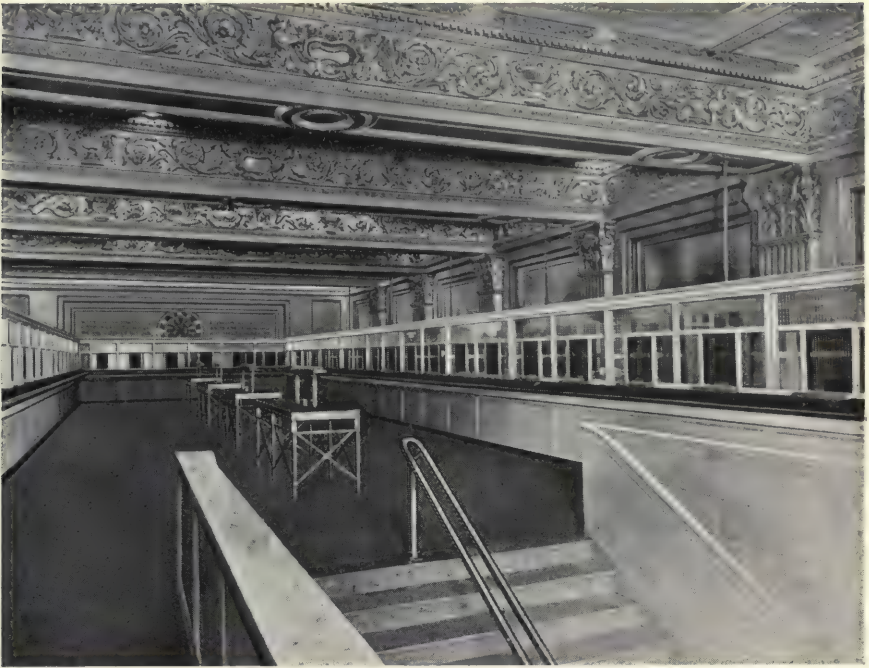
dents, G. D. McGwinn. Under his capable direction the main lobby has been completely changed, savings window accommodation has been increased, an entire new commercial banking floor has been added with forty-two tellers' windows to be devoted exclusively to commercial and checking accounts, and the entire fourteen-story building has been remade, to comply with the specifications of a building committee which planned for the most commodious and convenient quarters possible. An adequate and comfortable home for the bank has been provided pending the construction of a new building which is planned for future use.

The partition which separated the original main banking lobby from the lobby of the building has been torn down and all this space is now used as the bank lobby. After banking hours



Officers of the Union Trust Company in the office of the chairman of the board

Seated in the center is John Sherwin, Chairman of Board. Standing from left to right are C. E. Farnsworth, Vice-President; C. L. Bradley, Vice-President; J. R. Kraus, Vice-President; George A. Coulton, Senior Vice-President; J. R. Nutt, President; W. M. Baldwin, Vice-President; G. S. Russell, Vice-President.



This entire new commercial banking floor with 42 windows has been added through the remodeling process



Savings account window accommodation has been increased over 100 per cent, and floor space for many additional officers' desks has been gained through extensive remodeling as described

the banking section is cut off by collapsible bronze gates.

A new commercial banking floor was made possible because of the very high ceiling of the original lobby, girders being thrown across and a new floor built in with a wide marble staircase leading from the ground floor. Of interest in connection with the remodeling are some features of equipment installed. These include the largest tel-autograph system in any building in the world and an extensive tele-call system.

The executive officers of the new bank are now on the sixth floor in attractive quarters. An ample official staff is also located in the main lobby of the bank to be in close contact with customers at all times.

A general idea of the arrangement of departments in the building may be gained from the following:

Basement: New York wire; First floor: banks and bankers department, savings accounts, safe deposit, collateral loans, commercial loans, foreign department, Christmas money club; Second floor: commercial accounts, city collections, pay check tellers, pay roll tellers, railroad tellers, directors' room, committee room; Floor two and one-half: reference department; Third floor: corporate trust department, estates trust department, real estate loans; Fourth floor: individual books, addressograph department, clearance department; Fifth floor: transit department, country collections, country banks, mailing department; Sixth floor: executive officers, credit department, organization department, commercial banking offices; Seventh floor: business extension department, central file; Eighth floor: tax department, stock transfer and registration department; Ninth floor: publicity department, purchasing department, auditing department, comptroller; Tenth floor: bond department, employment department; Eleventh floor: safety department, building department; Fourteenth floor: printing department, stock room, photostat department, bank nurse; Fifteenth floor: telephones.

News of the A. I. B.

GEORGE S. F. BARTLETT, who was elected president of the Boston Chapter of the American Institute of Banking at the annual meeting, May 11, has been with the Boston Five Cent Savings Bank for many years. For the past year he has been first vice-president of the



© BY BACHRACH

S. F. BARTLETT

Who was recently elected President of the Boston Chapter of the American Institute of Banking

American Institute of Banking, section of the American Bankers' Association, and chairman of the national publicity committee. He has also been chairman of the educational committee of the Boston Chapter for the past year, and it is through his efforts that new courses have been formed. The success in maintaining attendance in the several classes is also indicative of the amount of work that he has done and prophetic of a still greater attendance for the coming year. Upon election to the office of president, he was pre-

sented with a gavel from the board of governors, by ex-president George H. Higgins.

The other officers elected are: William T. Killoren, first vice-president; Joseph Morris, second vice-president; Gardner P. Babson, treasurer.

The board of governors for the three years' term ending 1924: Geo. W. Brown, First National Bank; David E. Hersee, Peoples National Bank; Robert P. Holdsworth, Webster and Atlas National Bank; Thomas F. Megen, International Trust Company; Walter D. Richardson, Old Colony Trust Company.



The plans of the Minneapolis Chapter for the annual convention of the American Institute of Banking to be held at Minneapolis, Minn., July 19 to 22, will assure valuable remuneration to attending delegates through the addresses of the leading banking men of the country. The subjects to be discussed are those that are studied through the school year in classes or taken up at forum meetings.

The bank man goes to Institute Conventions with a serious purpose. During each year he accumulates practical questions largely affecting the routine or policy of his own department which he wishes to discuss with men from all parts of the country who may be interested in the same branch of banking. To meet this need, departmental conferences have been arranged at several recent conventions. Their success is responsible not only for the continuance of this feature but for more elaborate plans than ever for the conferences at this year's convention.

The program provides for conferences of the informal round table order to be held during the luncheon period on each of the first three days of the convention. They will afford participants an opportunity to make valuable acquaintances, to discuss the financial conditions in various sections of the country affecting the work of each bank department, and to consider questions regarding methods and routine.

The following groups have been

agreed upon: advertising and publicity, auditing and accounting, bonds and investments, business development, collections and transits, credits, foreign trade, mutual savings banks, office management, trust functions.

The discussion of each group will be under the leadership of the best available men in the country. It is in charge of a strong committee representing six of the principal chapters and headed by J. W. Bradley, vice-president of the Old National Bank of Spokane, Washington. He will be assisted by Herbert Stone of Boston, originator of the conference idea and chairman of the first conference held. His experience as chairman of the general committee in charge of last year's convention will be of great value in developing plans for this year's conference along lines of importance to the delegates.



Report of Lloyds Bank, Limited

THE report of Lloyds Bank, Limited, London, Eng., for the sixty-third year of its existence, shows available profit, after all deductions of £3,237,741. To this is to be added £505,420 brought forward from the previous year, making a total of £3,743,161. Out of this total, an interim dividend of 1s 8d per share, being at the rate of 16 2-3 per cent. per annum, was paid, £250,000 has been placed to the bank premises account; £1,250,000 to the special contingency account and £50,000 to the staff widows and orphans fund.

After making these appropriations, there was a balance of £1,368,568 remaining, and the directors recommended the payment of a dividend for the last half of the year at the same rate, which amounted to £823,704. The balance to be carried forward to the profit and loss account was £543,864, as compared with £505,420 in the previous year.

The Power Behind the Bank

*Manufacturers and Distributors Who Form Part
of the First National Bank's Strong
Directorate of Forty-Four*

"Here will stand one of the finest cities of America."

So spoke Pierre Laclede when, in 1763, he planted the banners of France upon the site of the future city of St. Louis.

The wholesale merchants and distributors of goods and service pictured here, Directors of the First National Bank in St. Louis, have used wisely and well the many advantages afforded by the strategic business location of our city.

Service suggestions made by them, through the officers of the bank, have assisted our patrons to clearly and practically visualize possibilities of the future for their own business.

Capital and Surplus \$15,000,000.00

The Largest National Bank West of the Mississippi

The advertisement features a central illustration of the St. Louis skyline and the Mississippi River, with two figures in the foreground. Surrounding this central image are 12 oval portraits of the bank's directors, each with a caption below their name and company affiliation. In the center of the portraits is a circular emblem with the text "NATIONAL BANK 1st IN ST. LOUIS".

NATIONAL BANK 1st IN ST. LOUIS

J. CLARE STREET
J.D. Street & Co.

S.H. FULLERTON
Pres. Chicago Lumber Co.

EDW. MALLINCKRODT
Pres. Mallinckrodt Chemical Co.

W.H. DANFORTH
Pres. Kalston Porine Co.

MORRIS B. GREGG
V.P. National Lumber Co.

E.W. GROVE
Pres. Paria Medicine Co.

F.D. EISEMAN
V.P. Rice-Sho. Dist.

ADOLPH A. BURCH
Pres. Ambrose Burch

JACKSON JOHNSON
Chm. Nat. Int'l. Shoe Co.

W.C. CARTERS
Pres. M. Vernon Car Mfg.

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

The Business Situation Throughout the Country as Reflected in the Opinions of Banks and Bankers

SLOW, though steady, improvement in the general business situation is noted by most authorities. The May letter of the National City Bank of New York says:

The general situation as to trade and industry has shown some further improvement during the past month, although the fundamental difficulty, which is the disruption of the price level between raw product and manufactured goods is yet far from overcome. According to Government reports, the level of the principal farm products declined 5.6 per cent. in March, whereas the normal movement in March is upward, and over the last ten years has averaged 3.4 per cent. On April 1 the index figure of farm products was 58.3 per cent. lower than a year ago, 48.6 per cent. lower than two years ago and 27.6 per cent. lower than the average on April 1 of the past ten years. Other primary products, such as lumber and the metals, as yet have made no recovery, while on the other hand manufactured products, especially at retail, freight charges and personal services generally, have made no corresponding decline. Naturally the sale of manufactures has fallen off, railway traffic has declined and there is a large amount of unemployment. A description of the situation is enough to explain it, for agricultural products and raw materials represent the purchasing power of about one-half the population.

Nevertheless, there is bound to be more doing in the spring than in mid-winter, and the industries are going much better than they were three months ago. The automobile industry naturally is stimulated by spring and good weather, and has come back strong. The tire industry has revived, and one of the biggest tire companies, the Goodyear, which was in financial difficulties as a result of the sudden falling

of business in the face of big inventories, has been successfully refinanced and started on its way. The tire industry is an important factor in the cotton-spinning industry, and the mills that are getting busy again on tire materials are no longer competing upon other cotton fabrics. Other outdoor activities are having similar stimulating effects.

The building industry is the one that should show the greatest improvement, as there is an undoubted shortage of houses everywhere, but building operations are held in check by the excessive costs. Wages are high in the building trades, and materials are high because of the wage costs in them and the high cost of transportation, which in turn is due to the wage advances to railway employees. Bradstreet's report of building permits issued in 155 cities in March showed an aggregate of \$118,439,947, as against \$145,923,799 in March, 1920. Even this does not signify that all of the work is going forward at once.

WARNS AGAINST EXCESSIVE OPTIMISM

The National Bank of the Republic of Chicago says:

Optimism, unsupported by facts, is no less dangerous than pessimism. While many signs point to an early improvement in business, it may be questioned whether readjustment, not only in this country but throughout the world, has proceeded far enough to make such improvement reasonably permanent. True, a cross-section of business today shows a more even distribution of activity than at any time since the decline started, but the reasons are not far to seek. The incidence of the forces of liquidation naturally struck first at those lines of enterprise and those sections of the country where inflation had



Abandoning his profession of law, because of his health, Charles Scribner, in 1846, started a modest publishing business in the Chapel of the Old Brick Church, at the corner of Nassau Street and Park Row. Building surely, he laid the foundations of one of the really great publishing houses in this country—one among many which this Bank is proud to serve.

A MERCHANT or manufacturer likes to feel, in dealing with his bank, that its policy of extending credit is based on accurate knowledge of conditions. No man wants to think that he is a victim either of over- or under-confidence. The large number and broad contacts with business conditions in every part of the country and abroad, its close business connection with customers and correspondent banks, enable the Bank of the Manhattan Company to gather a fund of information that is exceptional. A customer may always feel that he will meet with a liberal attitude, and one which will be to his real advantage.

BANK *of the* MANHATTAN COMPANY

CHARTERED 1799

40 WALL STREET, *New York*

Capital, \$5,000,000. Surplus and Undivided Profits, \$17,135,356.78

UPTOWN OFFICE—31 Union Square, New York

QUEENS BOROUGH OFFICES—Jamaica, Flushing, Long Island City, Far Rockaway,
Rockaway Beach, Seaside, Richmond Hill, Elmhurst, Maspeth, Corona, College Point,
Woodhaven, Ridgewood, Fresh Pond

BROOKLYN OFFICES—St. John's Place and Cypress Hills

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JAMES MCNEIL, *Vice-President*

B. D. FORSTER, *Vice-President*

HARRY T. HALL, *Vice-President*

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D. H. PIERSON, *Vice-President*

O. E. PAYNTER, *Cashier*

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GEORGE S. DOWNING, *Asst. Cashier*

RAYMOND E. JONES, *First Vice-President*

FRANK L. HILTON, *Vice-President*

V. W. SMITH, *Vice-President*

JOHN STEWART BAKER, *Vice-President*

E. S. MACDONALD, *Asst. Cashier*

O. G. ALEXANDER, *Asst. Cashier*

C. W. CAPES, *Asst. Cashier*

Courtesy--

—"Politeness combined
with kindness" . . . Webster

REAL courtesy in the full sense of the word has been a fixed principle (not a policy) of the Chemical National Bank throughout its career of 97 years.

This principle has been a vital factor in our success. To it may be attributed the fact, that the bank still has as customers the descendants of its original depositors.

We are seeking new business on our record.

THE CHEMICAL NATIONAL BANK

OF NEW YORK

reached extremes. The result was a rapid decline in prices, cessation or curtailment of industrial operations and temporary stagnation as extreme as the earlier buoyancy. On the other hand many industries well supplied with orders were able to withstand the general liquidation, making those industries and the sections of the country immediately concerned striking exceptions to the general situation. What has happened since, in a general way, has been the drawing together of these two extremes, by the resumption of operations by those industries which had over-curtailed, on the one hand, and on the other by the gradual slowing up of activity in many industries to a scale more commensurate with the volume of incoming orders.

SECRETARY MELLON'S RECOMMENDATIONS

Secretary Mellon, in a letter to Representative Fordney, chairman of the House Ways and Means Committee, and to Senator Penrose, chairman of the Senate Finance Committee, made the following recommendations for the revision of the revenue laws:

1. Repeal the excess-profits tax, and make good the loss of revenue by means

of a modified tax on corporate profits or a flat additional income tax upon corporations, and the repeal of the existing \$2,000 exemption applicable to corporations, to yield an aggregate revenue of between \$400,000,000 and \$500,000,000. The excess-profits tax is complex and difficult of administration, and is losing its productivity. It is estimated that for the taxable year 1921 it will yield about \$450,000,000, as against \$2,500,000,000 in profits taxes for the taxable year 1918, \$1,320,000,000 for the taxable year 1919, and \$750,000,000 for the taxable year 1920. In fairness to other taxpayers, and in order to protect the revenues, however, the excess-profits tax must be replaced not merely repealed, and should be replaced by some other tax upon corporate profits. A flat additional tax on corporate income would avoid determination of invested capital, would be simple of administration, and would be roughly adjusted to ability to pay. It is estimated that the combined yield to accrue during the taxable year 1921 from a tax of this character at the rate of 5 per cent. and the repeal of the \$2,000 exemption would be about \$400,000,000.

2. Readjust the income tax rates to a maximum combined normal tax and surtax of 40 per cent. for the taxable year 1921, and of about 33 per cent. thereafter, with a view to producing aggregate revenues

substantially equivalent to the estimated receipts from the income tax under existing law. This readjustment is recommended not because it will relieve the rich, but because the higher surtax rates have already passed the collection point. The higher rates constitute a bar to transactions involving turnovers of securities and property, which with lower surtax rates would be accomplished and thus yield substantial new revenue to the government. The total net income subject to the higher rates is rapidly dwindling, and funds which would otherwise be invested in productive enterprise are being driven into fields which do not yield taxable income. The total estimated revenue from the surtaxes under existing law is about \$500,000,000 for the taxable year 1921. The estimated yield for the year from the surtax rates above 32 per cent. would be about \$100,000,000. The immediate loss in revenue that would result from the repeal of the higher surtax brackets would be relatively small, and the ultimate effect should be an increase in the revenues.

3. Retain the miscellaneous specification sales taxes and excise taxes, including the transportation tax, the tobacco taxes, the tax on admissions, and the capital stock tax, but repeal the minor 'nuisance' taxes, such as the taxes on fountain drinks and the miscellaneous taxes levied under section 904 of the Revenue Act, which are difficult to enforce, relatively unproductive, and unnecessarily vexatious. The repeal of these miscellaneous special taxes would, it is estimated, result in a loss of about \$50,000,000 in revenue. The transportation tax is objectionable and I wish it were possible to recommend its repeal, but this tax produces revenue in the amount of about \$330,000,000 a year and could not safely be repealed or reduced unless Congress is prepared to provide an acceptable substitute. The Treasury is not prepared to recommend at this time any general sales tax, particularly if a general sales tax were designed to supersede the highly productive special sales tax now in effect on so many relatively non-essential articles.

4. Impose sufficient new or additional taxes of wide application, such as increased stamp taxes or a license tax on the use of automobiles, to bring the total revenues from internal taxes after making the changes above suggested, to about \$4,000,000,000 in the fiscal years 1922 and 1923. The only way to escape these additional internal taxes, to an aggregate amount of between \$250,000,000 and \$350,000,000, will be to make immediate cuts in that amount in current expenditures. In the event that this should prove impossible, it might be feasible to provide perhaps as much as \$100,000,000 or \$150,000,000 of the necessary revenue from new duties on staple articles of import, and the balance by taking more effective steps to realize on back

taxes, surplus war supplies and other salvable assets of the government.

5. Adopt necessary administrative amendments to the Revenue Act in order to simplify its administration and make it possible, among other things, for the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury and the consent of the taxpayer, to make final determination and settlement of tax cases. In this connection it would be well, in the interest of fairness and in order to simplify the administrative problem, to provide, under proper safeguards, for carrying forward net losses of one year as a deduction from the income of succeeding years.

I suggest for the consideration of Congress that it may also be advisable to take action by statute or by constitutional amendment, where necessary, to restrict further issues of tax-exempt securities. It is now the policy of the Federal government not to issue its own obligations with exemptions from Federal surtaxes and profits taxes, but States and municipalities are issuing fully tax-exempt securities in great volume. It is estimated that there are outstanding perhaps \$10,000,000,000 of fully tax-exempt securities. The existence of this mass of exempt securities constitutes an economic evil of the first magnitude. The continued issue of tax-exempt securities encourages the growth of public indebtedness and tends to divert capital from productive enterprise. Even though the exemptions of outstanding securities can not be disturbed, it is important that future issues be controlled or prohibited by mutual consent of the State and Federal governments.

IS THE RETAILER TO BLAME?

W. J. Wollman & Co. Review says in a recent issue:

Reports from bankers, commercial bodies and other business corporations continue to indicate that the retailer is still the biggest single obstacle in the path of the return to normal conditions. Not only are prices inordinately high in practically all lines, but in order to keep them high the retail merchant persists in maintaining relatively small stocks. He does this to hold his inventories down and keep his prices up. The effect of this policy is extremely pernicious.

It acts as a two-edged sword when it comes to slashing the prosperity of the country at large. For one thing, it keeps the cost of living high and denies large masses of people the necessities and comforts to which their income entitles them. In the second place, it prevents normal productive activities, thus leading to increasing unemployment and reduced aggregate buying power.



Battles of Business

BATTLES of business are won by preparation and co-operation. The former includes the building of an acquaintance and a reserve of cash on deposit. The latter means getting the bank's aid in fortifying your enterprise, strengthening its outposts, or in planning and carrying on a vigorous campaign for new business.

The Seaboard National Bank is not too large to give considerate attention to the little things which mean much to the welfare of the depositor. It is not too large to lend the weight of its counsel and support to the depositor whose dealings are small, but none the less important to him.

You are cordially invited to make full use of our facilities and the complete financial Service we have to offer.

The Seaboard National Bank

of the City of New York

Total Resources over Sixty-four Million Dollars

The retailer is standing in his own light by his attempts to maintain prices at current levels. The endeavor to get such a large profit on individual sales drives customers away and reduces the amount of turnover to an incalculable extent. Not long ago a business man tried to point out this principle to the manager of a shoe shop in Broadway. The manager was attempting to sell for \$14 a pair of shoes that retailed in 1916 at \$8 per pair. The conversation ran something like this:

"Those shoes have been reduced from \$18. They were made out of leather at last year's high prices and at high wages."

"I don't care about that," was the reply. "You will have to come down like the rest of us."

"We can't afford to sell them for less." "No," said the prospective customer, "you can't sell them at a profit for \$25, and I'll tell you why. You are paying high rents. You have three clerks and a bookkeeper. There isn't a customer in the store—or even a prospective one—except myself, and I'm not going to buy. If you reduced your prices you would sell ten pairs where you now sell one, and then you would make money."

That incident appears to illustrate the retail situation. Prices are being held up in the hope of making profits, but the decreased sales simply lead to a disproportion-

ate rise in overhead and ultimate loss. Thus the retailer, in his effort to maintain prices, loses profits and blames it on the lessened buying power of the people. There is plenty of reserve buying power if the price is right. When retailers as a whole wake up to this they will find their sales increasing; they also will find their purchases increasing; and as a result of this they will find both employment and buying power once more on the up grade. The profit for them will be in the volume rather than in the individual transaction.

WHAT'S WRONG ABOUT TAXATION

Otto H. Kahn said in a recent address:

The underlying trouble with our whole scheme of taxation is that it is based upon and actuated by not plain businesslike considerations of revenue raising, but social experimentation plus class and sectional animosity. The theory was to take it out of the rich and take it out of the East. The crudity of that theory was covered by the formula "taxation according to ability to pay." That is a formula to which every fair-minded and right-thinking man will give his adherence in principle, but it must be applied within the limitations of the rule of reason. It was, as a matter of fact, applied with vindictive unreason.

WHY WE NEED FOREIGN MARKETS

John McHugh, vice-president of the Mechanics and Metals National Bank of New York, recently made the following clear explanation of why the United States needs to develop foreign markets:

It is a matter of fact, and not of argument, that we need foreign markets to buy our goods and preserve our national prosperity. The output capacity of our farms and factories is approximately 20 per cent. above our consumptive demands; therefore, a large part of our output must be sold abroad if our developed resources are to continue properly employed, and if the muscle and skill of American labor are to continue fully and profitably occupied.

Needing foreign markets, foreign markets also need us. And despite our arrested production and our unsold surplus of goods, those markets are seeking today to buy our goods, and are looking to us to supply all that is in our power to supply.

How, then, is the situation to be met? Partly, of course, by an exchange of our goods for foreign goods and gold. But only partly. Until the period is bridged between the present and the time when the wealth of foreign nations is sufficiently restored to enable them to match what they buy with what they have to sell, a balance of trade must be provided for. As for that balance, there is one way adequately to meet the situation, and only one way; extension of credit. In the same sense that the enormous surplus of our exports in the last six years could never have been built up had it not been financed with promises to pay, a continuing surplus cannot be expected unless we are content to sell on credit and in the faith that our goods will be ultimately paid for.

AUTOMOTIVE INDUSTRY IMPROVING

The Motor and Accessory Manufacturers Association reports in May:

Payments for the last month have been better than for the three months prior.

More firms are paying their current accounts in full on due date, and an increasing number are paying a larger proportion of their notes as they fall due, quite a number paying in full.

Releases on old orders show a decided improvement. Many of the car and truck manufacturers are placing orders for new materials. Virtually all the car manufacturers are now showing signs of life, and this applies to the manufacturers of trucks and tractors to a somewhat lesser degree.

Quite a number of vehicle manufacturers are operating their plants at full time or nearly so.

Labor conditions in the automotive industry seem to be causing comparatively little trouble. There is a marked increase in labor efficiency following the readjustment period.

THE TRANSPORTATION SITUATION

The Mechanics and Metals National Bank of New York comments as follows on the railroad situation:

Fundamentally, the position taken by the railroads regarding the necessity to reduce wages is based on sound reasoning, and despite the strong opposition encountered from the labor organizations, popular sentiment is on their side. This is particularly true in view of the effect that the state of the railroads' finances has had on their securities. There are billions of dollars of railroad bonds held by private investors in the United States, and further billions are held by the savings banks; the danger to these investments through further depreciation of railroad credit is being seriously considered.

If the railroads are to prosper, and are to be placed on a self-supporting basis, relief from burdensome expenses will have to be granted them. It behooves the railroad managers to effect every economy that is in their power and to eliminate every waste in order that the most capable transportation may be furnished in the interest of the country's economic welfare. But, also, it behooves railroad workers to recognize conditions as they exist, and not stand in the way of enabling the railroads to lower their rates to a reasonable level. Or else at best better times will come slowly, while at worst railroad investments will be further jeopardized, and the fears of a rewriting of our whole industrial geography, as expressed by Mr. Hoover, will be realized.

As essential to American prosperity as any other single thing is adequate transportation at a fair price, and it is only reasonable to say that this will not be assured for the future unless a broad view is taken by those directly involved. The railroads are seriously handicapped today, and will continue to be handicapped until large drafts are made upon the capital of the country to restore their efficiency. So long as wages remain unduly high, freight rates must also remain unduly high in order that the carriers may continue to operate at all. Granted a reduction in running expenses, the railroads will be able to present to the industry of the country a far more efficient and reasonable service than has been the case since the war, and will be able to again attract the investment capital of the country to the end that they may keep pace with expanding opportunities.

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,500,000 Undivided Profits \$355,000

OFFICERS

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
THOMAS BLAKE, *Secretary*

HOWARD D. JOOST, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

BANK CLEARINGS

Bank clearings for March are summarized as follows by the American National Bank of Nashville, Tenn.

Bank clearings at the principal cities for March were \$31,000,000,000 compared with \$27,000,000,000 in February and \$41,000,000,000 in March of last year. Exclusive of New York City clearings were \$14,000,000,000 compared with \$12,000,000,000 dollars the month before and \$19,000,000,000 a year ago, the decrease being 25 per cent. Clearings for the first quarter of this year were \$91,000,000,000 compared with \$116,000,000,000 for the same period last year, a decrease of 22 per cent. Outside of New York City clearings for the first quarter were \$41,000,000,000 compared with \$53,000,000,000 dollars for the same months last year, a decrease of 21 per cent.

FAVORABLE FACTORS IN THE PRESENT SITUATION

The Franklin National Bank of Philadelphia takes an optimistic view of the business situation and says in a recent letter:

Factors making the most favorable showing which appear prominently in this month's review of business conditions are a decrease in money in circulation, fewer business failures, increased stock exchange transactions, a gain in new and larger corporations formed, greater building activity, heavier lumber production and shipments and a full supply of fuel and labor practically everywhere. It is a long time since we have found as many basic factors or conditions on the favorable side of the balance sheet of business. It is hardly to be expected that the decline in the volume of business has ended or that the price decline has reached its lowest level but, in the above named factors, we have evidence of some reaction looking toward the

stabilizing of business once more into a smooth-running and well-oiled machine. It now again becomes possible to look forward and plan business moves with a reasonable assurance of being able to carry them out according to schedule.

THE EFFECT OF TAXATION ON DEPOSITS

In a recent address, Arthur Reynolds, president of the Continental and Commercial Banks of Chicago, said:

At this time taxes are so substantial and their application so uncertain that they must retard the development toward the point of "normalcy"—whatever and wherever that point may be.

A survey of the effect that taxes have had on the deposits of the Continental and Commercial National Bank shows that at each tax payment period since December 15, 1919, we have lost from \$14,000,000 to \$35,000,000 of deposits with a corresponding increase in our borrowing at the Federal Reserve Bank. Where does the money go? The bulk of it is sent East, as is of course necessary, but it does not return. Our business institutions are experiencing a constant drain of their working capital as a result, and many statements which we have been receiving show a steadily declining ratio of quick assets to liabilities.

I would not say that a continuation of this process would leave us with no deposits at all, nor would it leave business without working capital, but it seems to me the experience clearly illustrates the extent to which taxation is cutting into the commercial capital of the country. Business will continue to struggle for revival but so long as taxes remain as they are now, it will be an uphill fight. It seems a fair inference that there will be less business, and, therefore, less revenue from taxes with the entire country as the loser. The case, to my mind is urgent and action should be speedy. We must remember that the Government has a great capacity to

destroy business, and a much smaller capacity to create or assist it.

FARMING CONDITIONS

Agricultural conditions are commented upon as follows by the National City Bank of Chicago:

The agricultural sections are showing up well and the outlook for winter wheat is highly reassuring. The government's April report showed an improvement of more than 3 per cent. during the first quarter of 1921 in the condition of winter wheat as compared with an average decline of nearly 5 per cent. during the previous decade. The official figures suggest a crop that will be 12 per cent. better than the average of the last decade, the April 1 condition estimate of 91 per cent. comparing with 75.6 per cent. on the same date last year and a ten year average of 83.6 per cent. This showing is highly reassuring and suggests an increase of 44,000,000 bushels for the year in the winter wheat crop, the indications being for a total yield of 621,000,000 bushels. The Government return shows also that the acreage sown is nearly as great as last year which means that the threatened reduction in cultivated area as a consequence of high production costs and price declines has not materialized. Except in cotton it may be doubted whether any producers will leave large fields uncultivated, although the movement to diversify crops is bringing good results in some sections. The export demand for American grains will probably continue heavy for some time to come, so that our large promised crop of winter wheat is likely to be in good demand. It is too early to speak with full assurance but the indications are that there will be another year of large earnings for the agricultural States. The farmers are likely to benefit materially from the arrangements underway to organize marketing operations so as to yield them a more liberal net profit on the business.

OUR GOLD SUPPLY

What will be the result of the heavy movement of gold to this country? The American Exchange National Bank of New York discusses this subject as follows:

Fears or hopes—according to the point of view—that the heavy movement of gold to this country will force a revival of inflation are, seemingly, due to a lack of appreciation of the function of gold in a modern system of credit such as the Federal Reserve System. In the days of haphazard banking and credit, from which

these apprehensions arise, gold was a potent agent for good or evil and it acquired a reputation to that effect which clings to it to this day. This reputation arose from the fact that inasmuch as gold was the universal medium of exchange any increase in the supply in the hands of individuals arising out of new discoveries of gold or out of activities of the merchants of a country which resulted in so-called "favorable balances" that were paid in gold, immediately increased the purchasing power of the individuals and put them into competition in the markets against other buyers, which, of course, resulted in an advance in prices. The effect of a contemporaneous increase in the purchasing power of a number of individuals upon prices was often disastrous to the community, producing great hardships among the poor, especially when the purchasing power thus created was used to increase the consumption of luxuries or to export goods of which the supply was limited. Even the owners of the increased purchasing power were ultimately harmfully affected, for their own activities in the markets soon cut in half their ability to buy. Gold was at such times a wild, powerful agent of destruction, which men found it impossible to curb.

At the time of the first great modern discoveries of gold the world was devoted to agriculture and trade in home products. It needed but little money, and even a small increase in the gold supply had the effect of upsetting the economic organization. With the development of industry and the growth of the demand for capital, the supply of gold became inadequate to the demand and the modern device of utilizing gold as a reserve and practically limiting its function as a medium of exchange to international trade was slowly evolved. The goldsmiths blazed the way to the use of gold as a reserve, but they did not arrive at the concept of gold as a basis of an intricate system of credit; that flower of modern banking bloomed yesterday. In order to develop the maximum credit power from the limited supply of gold, it became necessary to mobilize it. That result was attained in this country when the Federal Reserve System was brought to its present form. As long as gold was scattered about in the vaults of thousands of banks it retained some of its old power for evil, and if that condition obtained now, there would in reality be a basis for the apprehension that is being expressed.

Under the Federal Reserve System, gold is the power which manufactures credit, a power that can be turned on and off at will. There is a loss when the plant is not being run at full capacity just as there is a loss when a steel plant is not being run at full capacity; but a steel plant will not be run when there is no market for its

product and neither will a credit plant. The loss incident to a shut-down of the credit plant falls upon the stockholders of banks just as the loss incident to a shut-down of steel mills falls on the stockholders of the mills. The idea that banks can go on making money while industry remains at a standstill is fallacious, as this analogy plainly shows. The analogy also indicates the answer to the question. What is to be done with the increasing gold supply? The answer is, nothing. If we listen to those who labor under the influence of discredited theories about the uncontrollable power of gold we will simply involve ourselves in futile efforts to lift ourselves by our straps and give infinite pleasure to European economists who believe that by sending gold to this country to create inflation here while they devote themselves to deflation at home, they can artificially correct the disparities in their exchanges.

THE CREDIT SITUATION

Commerce Monthly, published by the *the National Bank of Commerce in New York, summarizes the credit situation as follows:

Banking credit cannot be substituted for reduced capital and credit lines must be commensurate with present assets. Business must now recognize that it cannot operate on borrowed money to the same extent as before capital was impaired. It is unsound to attempt to maintain the former high aggregate of credit lines after a year of heavy losses. Easier credit conditions and cheaper rates would not alter this fact. Not to recognize it would result in the substitution of capital loans for current borrowings with serious effect upon the general banking situation.

Fortunately, some of the very factors which have combined to make credit liquidation desirable also make an adequate volume of business possible on a smaller credit base. It will take less money to do business on a lower price level, even though further increases in production and sales, as measured by physical volume, may take place. Elimination of the speculative element from business and trend towards conservatism should bring about more rapid turnover. For a time also it may well be that even when measured by physical volume, the total of business will be smaller and with sharper competition goods will be better made and replacement requirements appreciably lessened.

SENTIMENT IN BUSINESS

In an article in *The Nation's Business*, F. O. Watts, president, First National Bank, St. Louis, points out how

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\$19,000,000.00

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business**



for Direct Service

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E. J. NEWELL, Vice-Pres.

C. G. FEIL, Cashier

A. J. ALLARD, Asst. Cashier

G. H. BANGERT, Asst. Cashier

GEO. ULRICH, Asst. Cashier

C. H. FITCH, Asst. Cashier

W. G. WILCOX, Auditor

Trust Department

CHAS. W. CARY, Trust Officer

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THE CENTRAL NATIONAL BANK of Philadelphia uses lithographed letter-heads and lithographed checks executed by us. This Bank has used Mann products continuously for fifty-five years.

THAT part of your organization which comes in contact with your customers must be representative, whether it be man, building or stationery.

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New York Offices: 261 Broadway

sentimental reasons often prevent old established businesses from removing to more favorable locations. To counteract this tendency many cities are advertising their advantages as locations for manufacturing enterprises. Mr. Watts points out what St. Louis is doing in this connection:

St. Louis is a notable instance of this, because it is the first old city of the conservative type to make a serious demand for its place in the sun. A coterie of business men of the Chamber of Commerce there, backed by an aggressive mayor, is telling the city's story through advertising, not so much with the intention of exploiting St. Louis as to present the facts of its commercial prowess, alertness, and strategic industrial position. The Mississippi River forms a natural outlet to the sea for shipments to Cuba, Porto Rico, Central and South America. St. Louis expects in time, with the improvement of the river, to become an inland port. St. Louisians are confident that within the next few months, the complete river fleet planned for Mississippi operation by the railroad equipment will total 40 steel barges, each with a capacity of 2,000 tons, and six steel twin-screw towboats. These facts are

set down not as a boost for St. Louis, but as a record of one of the "pulling" statements in its advertising campaign.

In conclusion Mr. Watts says:

The time has come when location must be reckoned as an intimate part of unit costs. Sentimental considerations are dead or dying. That city "sells" itself which can deliver the goods.

URGES GREATER LABOR EFFICIENCY

James S. Alexander, president of the National Bank of Commerce in New York, said in a recent address:

Too many people today hope and expect something will be done for them, although their interests would best be served by their doing a full day's work for their pay. There is an effort on the part of workers to retain the advantages won during the abnormal war period of shorter hours, higher pay and easy work, regardless of the present lack of an economic basis for the continuance of such conditions. The fundamental principle of enlightened labor leadership today should be to inculcate a return to the doctrine of an honest day's work for an honest day's pay. Inflated wages and the non-competitive



THE banker's position is essentially one of responsibility; he is rightly regarded as a guiding power at the helm of affairs in his community.

Necessarily, then, any message that goes out to his public over his signature and with his sanction should reflect responsibility and serve to strengthen his position.

Every piece of financial publicity prepared for clients by Collins measures up to this exacting standard.

The Collins Service PHILADELPHIA PENNSYLVANIA

conditions of the war and the later boom period produced inefficiency and irresponsibility.

It is essential to the welfare of labor itself to banish this attitude, not because individual efficiency and a full return of value received in the pay envelope mean bigger profits for the employer, but because they mean better times for the workers themselves. Workers cannot, in the long run, consume more than they produce. If wages are too high in relation to the exchange value of the product, wages must come down, for no wage can be permanently maintained at a point above what it is worth, measured in terms of other products.

Further, employers must not seek to drive wages below their true value thus measured. There is this reciprocal personal responsibility involved in the relation of workers and employers—on the one hand, to render efficient service for every dollar demanded, on the other to render over to labor every dollar earned.

STEEL PRICE REDUCING

The United States Steel Corporation's new schedule of steel prices is commented upon as follows by the Guaranty Trust Company of New York:

Reduction in prices of a number of iron and steel products, ranging from \$1.50 to \$15.00 a ton, announced by the United States Steel Corporation on April 12 and later, represent a step of fundamental importance in the continued industrial readjustment. Through these reductions from Industrial Board prices, which the Corporation had in general maintained since 1919, Corporation prices for some products became identical with those maintained by a number of independent steel companies. In other cases the remaining differences between the two sets of prices are slight.

The full effect of these price reductions on the volume of new contracts may not be known for several weeks. It is significant, however, that the International Harvester Company, basing its action upon the revision of steel prices, promptly announced a reduction of 10 per cent. in the prices of its products in which steel is the principal element, the new prices to become effective in 1921. More drastic reductions in the Steel Corporation's prices had been expected in some quarters, and it does not seem probable that a rush of new business will promptly follow the recent revisions. Many potential buyers may be expected to continue the withholding of orders, in anticipation of further price recessions in the near future. The earlier reduction of prices by independent steel producers, in some cases to levels substantially below

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JUDGMENTS can be based only upon facts determined by the utmost thoroughness and accuracy. Every audit made by this firm is under the direct supervision of our executives, whose long experience insures these qualities.

Many of your depositors will be interested in a new book by H. M. Webster, entitled "Meeting the Competitive Market," just off the press, which gives a clear cut statement of the fundamental business principles which must be understood by every man to meet the present situation successfully. Let us send you a copy. We shall also be glad to mail complimentary copies to any of your friends who may be interested.

H. M. Webster & Company

CERTIFIED PUBLIC ACCOUNTANTS

**25 West 43rd Street
New York City**

Telephone—Vanderbilt 1908

**Southern Bldg.
Washington, D. C.**

**82 State Street
Albany, N. Y.**

those maintained by the Steel Corporation, failed to stay the declining volume of business.

Representative steel prices under the new schedules average more than 60 per cent. above corresponding prices in 1913. The fact that commodity prices in general are nearer the pre-war level affords some basis for the expectation that steel prices will recede further.

Shortly before the Steel Corporation's reduction of prices was announced, however, a number of prices were raised by independent producers. The degree of uniformity in prices throughout the trade which has been introduced by these revisions may measurably stimulate confidence that the present prices will continue for a comparatively long period, with a consequent increase in orders for steel and iron products. In any event, whether the new steel prices continue for a long or a short period, the revision is a step toward the completion of the readjustment which must precede a general renewal of business activity.

THREE HOPEFUL FACTORS

Reviewing the first quarter of 1921, the Cleveland Trust Company says in a recent trade letter:

The first quarter of 1921 has passed unregretted into financial history. It has been a period of drastic readjustment and all such periods are painful. During these months wholesale and retail prices have continued to fall, the cost of living has declined, and industry has marked time. There has been much unemployment which has neither increased nor diminished greatly during the quarter. The prices of stocks and bonds are on the same general levels as they were in January. There have been numerous business failures which have not included many banks or very large industrial establishments.

On the more hopeful side there are three important facts. The first of these is that the credit and banking situation continues to improve as the banks throughout the country pay back to the Federal Reserve banks the funds they had borrowed to meet the extraordinary demands of 1920. The second is that the prices of stocks and bonds continue to stay well above the low levels they reached in the latter part of last December. The third favorable fact is that industries which were among the first to feel the slowing down of business are now beginning to report improvement. Among these are the textile and clothing trades, boots and shoes, and rubber goods.

Eastern States

Comprising New York, New Jersey, Pennsylvania, Delaware, Maryland
and the District of Columbia



THE NEXT TIME you are in New York call and meet the Mercantile's officers. This bank enters into the interests of its clients. Close contact helps us always to keep those interests in mind. We set up as a standard, in serving out-of-town customers, the kind of service we ourselves would require under like circumstances.

If you are looking for a pains taking New York banking connection, may we not discuss the Mercantile with you?

**MERCANTILE
TRUST COMPANY**

115 BROADWAY, NEW YORK

(Member of Federal Reserve System)



THE remodeled banking quarters of the Windham National Bank, Willimantic, Conn. Many banks which have occupied an old type of building for many years are confronted with the problem of new equipment. This photograph illustrates what can be done in this respect and in many cases the interior arrangement closely approximates the perfection obtained in a new individual bank building.

Thomas M. James Company

3 Park St., Boston, Mass.

Fuller Building, Springfield, Mass.

31 East 27th St., New York

511 Blackstone Building, Cleveland, Ohio

EASTERN STATES

CONVENTION DATES

New York at Atlantic City, June 23-25.
 Delaware at Rehoboth (annual) Sept. 1.

CHASE NATIONAL BANK MAKES
NEW MERGER OFFER

Announcement by the Chase National Bank of New York that for every share of Metropolitan Bank of Manhattan which it can purchase, it will give one share of Chase National Bank stock, one share of Chase Security Company stock and \$10 in cash, has disclosed that the Chase National Bank, through its security subsidiary, now owns 22,000 out of the 25,000 shares of the Metropolitan Bank of Manhattan. At a reorganization, in which it is expected the capital of the Chase bank will be increased, to take place during the year, the Metropolitan Bank of Manhattan, its six branches and its subsidiary, the Hamilton Trust Company of Brooklyn, will be taken directly into the organization of the Chase National Bank, giving it seven active branches in New York and one in Brooklyn.

Other branches of the Metropolitan Bank of Manhattan are to be opened within a short time, and the Chase National Bank, when the merger is completed, will have branches in every part of the city and suburbs.

The Metropolitan Bank of Manhattan was organized in 1905 and has grown rapidly. Its deposits in the six branches and its main office approximate \$50,000,000. It has a capitalization of \$2,500,000 and a surplus of \$3,500,000, with undivided profits of \$1,000,000. A dividend of 20 per cent. was paid on the stock last year. The shares acquired by the Chase National Bank cost the institution approximately \$350 each.

Two new branches of the institution are just getting under way. One was opened recently at Thirty-sixth street and Seventh avenue and another at Forty-first street and Madison avenue. It is expected, when the consolidation is effected, that each bank will retain its identity, and the Thirty-sixth street and Seventh avenue branch will be known as the Thirty-sixth street and Seventh Avenue Branch of the Chase National Bank, and the Hamilton Trust Company in Brooklyn will be designated the Hamilton Trust Branch of the Chase National Bank, and so on through the list of subsidiaries. The Metropolitan

1781

The Oldest Bank
in America

CHARTERED by the Continental Congress in 1781, the Bank of North America is the oldest bank in the country, the period of its existence spanning the entire history of the nation since the close of the War of Independence.

Today with Capital of **\$1,000,000**, Surplus and Undivided Profits of **\$2,375,000** and Total Resources of over **\$35,000,000**, this bank is better prepared than ever to fill its important place among the great financial institutions of the United States.

President

E. PUSEY PASSMORE

Vice-President

RICHARD S. MCKINLEY

Cashier

E. S. KROMER

Assistant Cashier

WILLIAM J. MURPHY

Assistant Cashier

CHARLES M. PRINCE

Assistant Cashier

JOHN W. WHITING

THE BANK OF
NORTH AMERICA

(NATIONAL BANK)

PHILADELPHIA

1921

Audits and Systems for Banks

Our specialty is conducting efficient and thorough bank and commercial audits, and the installation of accounting systems for banks, trust companies, and foreign exchange departments.

**McArdle,
Djörup & McArdle**

42 Broadway, New York

Bank of Manhattan confines itself strictly to a commercial business.

Forecasts of the present banking deal were made on January 29, when the Metropolitan Bank of Manhattan acquired the Hamilton Trust Company of Brooklyn. The exchange was on a share-for-share basis. The Hamilton Trust Company, now known as the Hamilton Trust Branch of the Metropolitan Bank of Manhattan, is a prosperous little institution in Brooklyn, of which George S. Hadden is in charge. Its deposits are between \$8,000,000 and \$9,000,000.

The total resources of the combined institutions will be in the neighborhood of \$600,000,000. It is expected that Mr. Ollesheimer and other officials and large stockholders of the Metropolitan Bank of Manhattan will be added to the board of the Chase National Bank when the actual merger takes place.

NEW PRESIDENT OF PROGRESS NATIONAL BANK

The Progress National Bank of New York, has announced that Hon. John

Burke until recently treasurer of the United States has been elected president.

MEDLEY SCOVIL AND COMPANY EN- LARGES ORGANIZATION AND TAKES NEW QUARTERS

Medley Scovil and Company, the New York advertising firm, has moved from its old quarters at 25 Broad street, to new and larger offices in the new Cunard building at 25 Broadway.

The move is actuated, it is announced, by the rapid growth of the organization, which in recent months has been mate-



MEDLEY SCOVIL

President of Medley Scovil & Co., who has been closely identified with financial advertising matters for more than twenty years

rially augmented to widen the sphere of the company's operations. For some years the agency has specialized in banking, trust company and financial advertising, and is well known to bankers and financiers throughout the country as specialists in this field. It was one of the first of the agencies to recognize the possibilities in the export fields and numbers among its clients some of the oldest and largest banks, both foreign and domestic doing business abroad.



H. LAMSON SCOVILL

First vice-president of Medley Scovill & Co. is a specialist in investment advertising



H. GALE MCNAMEE

Second vice-president of Medley Scovill & Co. is an authority on matters pertaining to the textile field

The Scovill Company, however, has recently branched out aggressively into the commercial field and has taken on some important new accounts, among them the Merchant Shipbuilding Corporation and the United American Lines of the Harriman interests; S. O. Stray & Company, operators of the Stray Line of Steamships to Norway; the International Freighting Corporation and others. It is understood also that the Scovill Company will shortly take over one of the largest of the American textile accounts.

Medley Scovill, president of the company, has been closely identified with financial advertising matters for more than twenty years in executive capacities for the *New York Times*, *New York Herald*, *Wall Street Journal*, and *Boston News Bureau*.

Charles Lee Scovill, first vice-president, is a specialist in investment advertising. As advertising and sales manager for the banking house of Spencer Trask and Company for many years, he has had exceptional experience in problems of distribution; planning sales campaigns; and producing effective and dignified advertising,

sales letters, follow-up systems and special literature.

H. Lamson Scovill, treasurer of the company, is a son of the late Henry William Scovill of the Scovill Manufacturing Company of Waterbury, Connecticut, the largest independent brass manufacturing concern in the United States, founded by the Scovill family in 1802. He has a broad knowledge of manufacturing affairs, especially in the New England territory.

H. G. McNamee, second vice-president, was formerly news editor of the *Daily News Recorder and Women's Wear*, and is an authority on matters pertaining to the textile field.

MERCANTILE TRUST COMPANY'S NEW BRANCH

The Mercantile Trust Company of 115 Broadway, New York, is the latest of the large downtown financial institutions to establish a branch in the uptown financial center of New York. The Mercantile Trust Company has completed arrangements for a lease extending over a term of years for two of the stores on Forty-fifth street near



Alexandra House, Kingsway, the third London Office of the Guaranty Trust Company of New York which was opened this spring

Madison avenue, in the new Borden Building.

ITALIAN TRUST STOCK SOLD

The ten per cent. interest owned by the Guaranty Trust Company of New York in the Italian Discount Trust Company has been sold to the Banca Disconto of Rome, Italy, and to holders of the stock of the Discount Trust Company itself, according to an announcement made by Guaranty Trust officials.

Eugene Stetson, vice-president of the Guaranty Trust Company, will remain as chairman of the trust company's board of directors, and Emanuel Gerli has been elected its president. George P. Kennedy, who left the Guaranty Trust Company in 1918 to take the presidency of the Italian Discount Trust Company, will return to the Guaranty Trust Company in an executive capacity.

The capital of the trust company is \$1,000,000. Its surplus and profits now are \$750,000 and deposits more than \$13,000,000.

IRVING NATIONAL BANK INSTALLS DIRECT WIRE SERVICE

With a view to facilitating the business of its correspondents and customers, the Irving National Bank has installed a direct

wire service between its New York offices and Chicago, Detroit, Pittsburgh, Cleveland and Buffalo. This service will eliminate delay in transactions involving foreign exchange, securities and other banking operations, and will make it possible to do business without loss of time.

The new system has been in operation in Detroit and Pittsburgh since April 18, and in Chicago, Cleveland and Buffalo since May 9. The Detroit terminal is in room 705, Dime Bank Building, and is in charge of Julius B. Wood. In Pittsburgh, the terminal, which is in charge of S. Stanley Smith, is in room 810, Keystone Building, 324 Fourth avenue, William M. Chamberlin, district representative of the Irving, has general supervision over the operation of the Chicago terminal, which is in room 712 of the New York Life Building, 39 South La Salle street. The wire service is directly in charge of Elliott D. Jones. In Cleveland, the terminal is in charge of J. F. Maynard, and is in room 808, Union National Bank Building, 308 Euclid avenue. The Buffalo terminal is in room 951 Ellicott Square Building, under the direction of C. E. Koch.

BANK OF AMERICA TO BUILD

Plans have been filed for the construction of a twenty-three story fireproof building for the Bank of America at 44 and 46 Wall street, 43 to 53 William street and 41 to 45 Pine street. The bank is now located at 44 Wall street and during the last two years has acquired the adjacent pieces of property to obtain the entire block frontage on William street and frontage on Pine street.

The new building will be partly occupied by the bank and the rest will be rented for offices. The architects, Trowbridge & Livingston, have estimated the cost at \$2,500,000.

LIBERTY INDUSTRIAL CORPORATION ORGANIZED

The New York Trust Company is preparing to launch as a separate corporate entity the industrial department established and built up by the Liberty National Bank, which was recently merged with it. This step, which will mark a new departure in the banking field, will be accomplished through changing the name of the Liberty Securities Corporation to the Liberty Industrial Corporation and the absorption by it of the industrial department. The entire common stock, amounting to \$1,000,000, is held by the New York Trust Company.

The preferred stock of equal amount is distributed in the hand of several holders.

Harvey D. Gibson, president of the New York Trust Company, will also head the Liberty Industrial Corporation, while its other officers already selected are J. A. Bower, chairman of the executive committee, and Donald D. Davis and Thomas L. Pierce, vice-presidents. Both of the latter are now identified with the industrial department.

A. H. Smith, secretary and treasurer, and J. F. McClelland, manager of the industrial department.

The change was decided upon because of the fact that the charter of the trust company enabled it to engage in all the operations permitted of the securities corporation. The latter was established as the bond selling and distributing organization of the Liberty National Bank, because the bank as such could not do all that the corporation could do. At the same time the increasing importance of the industrial department's work made it desirable that it should be given the freedom of development and action which its elevation to the position of a corporation would bring it.

The Liberty Industrial Corporation, will perform the services of consulting financial engineer or "business doctor." The work is as yet sufficiently new so that no specific term has been coined to cover its scope, but in general it will be employed to assist corporations in meeting business or financial difficulties.

The character of the work may best be illustrated by typical illustrations. Banks having loans overdue from some concern might employ the corporation to investigate the situation to determine the wisest course to pursue. Companies engaged in the same line and convinced of the advantages of merging, but not willing to broach the subject directly, might employ the corporation as intermediary and adviser. A company, which in the past had done its financing rather loosely might have the corporation draw up a definite plan covering all its future needs.

This is the class of work in which the corporation will engage. Its recommendations will be made, but will be left to others to carry out. Thus, it might advise a receivership, but would take no steps to that end. It might advise a piece of financing, but will not take part in distributing securities. Briefly, it will seek to diagnose business troubles and suggest the remedy.

The Liberty National Bank was the first financial institution in the Wall street section to establish an industrial department.



THIS BANK offers complete facilities for the transaction of every kind of banking business.

Collections made promptly and on favorable terms on every part of the world

Foreign Exchange Bought and Sold

Commercial and Travelers' Letters of Credit

Correspondence and inquiries invited

Capital - \$3,000,000
Surplus and
Profits - 8,000,000

E. F. SHANBACKER
President

The
FOURTH STREET
NATIONAL BANK
Philadelphia



Rib of the schooner "Revenge," sunk at Ticonderoga in 1777, from which President Harding's Cabinet chair will be made

As President Harding was an editor, all the editors of the daily papers of America have each subscribed one dollar toward purchasing a cabinet chair for him, which Charles Alfred C. Bossom, New York architect has been asked to design. When President Wilson left the White House his friends bought for him his cabinet chair.

A rib of one of the first ships of the first American navy was purchased from the owner, Stephen Pell. This was the schooner "Revenge" which was sunk at Ticonderoga in 1777, a rib of which was pulled out of the lake in 1909 by Mr. Bossom. The schooner was one of the original ships of the fleet of Benedict Arnold which he used in the Battle of Valcour when the British were coming from the North to try to punish the Colonists. The chair will be made from the wood of this rib.

In other cities similar departments had been started previously, that of the Detroit Trust Company being notably successful, and half a dozen or more local banks have since followed suit. The New York Trust Company, however, will be the first to give its industrial department the dignity of separate corporate existence.

A large staff, most of whom were formerly employed by the Liberty National Bank, has been engaged.

BANK OF UNITED STATES TO BUILD NEW BRANCH

The Bank of United States has filed plans for a new bank building at the southeast corner of Madison avenue and One Hundred and Sixteenth street, which will be occupied as a branch establishment. The building will be six stories in height. The bank will utilize three floors and the remaining space will be designed for office use. The estimated cost of the project has been placed at \$250,000.

JOHN J. KEARNS, JR.

John J. Kearns, Jr. has been appointed an assistant secretary of the Fidelity-International Trust Company of New York.

WILL BUILD NEW BRANCH

The growing popularity of Madison avenue as a center for financial institutions is further emphasized by the announcement of the United States Mortgage & Trust Company, of New York, of plans to erect a handsome, individual bank building at the northwest corner of Madison avenue and Seventy-fourth street. The structure, which will house the Company's Madison Avenue Branch now located at Seventy-fifth street, was decided upon in order to meet the requirements of the rapidly increasing clientele of this office.

The building will be in the style of the late English Renaissance, the exterior of limestone, with Knoxville marble entrance and base. The plans are designed to give the maximum of light and air, and in every way conform to modern standards of bank architecture.

The site of the new building is 100x50 feet facing the avenue. The plans have been prepared by Henry O. Chapman, and it is expected that contracts for construction will be let immediately.

GEORGE P. KENNEDY

At a meeting of the executive committee of the board of directors, George P. Kennedy was appointed manager of the Grand street office of the Guaranty Trust Company of New York.

ELECTED PRESIDENT OF SAVINGS BANKS ASSOCIATION

John J. Pulleyn, president of the Emigrant Industrial Savings Bank of New York, was elected president of the Savings Banks Association at the convention of

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With the rapidly increasing financial and commercial relations between America and other parts of the world, a knowledge of one or more foreign languages is invaluable.

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GRAND PRIZES AT ALL EXPOSITIONS

The Berlitz School of Languages

30 West 34th Street, New York

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that organization at Briar Cliff Manor. The following were elected vice-presidents of the association: D. E. Petit of the Onondaga Savings Bank of Syracuse; Bertram L. Smith, treasurer of the Mechanics Savings Bank of Beacon; Arthur S. Van Winkle, president of the Empire City Savings Bank of New York City; Laurus E. Sutton, comptroller of the Brooklyn Savings Bank, and F. W. H. Becker, treasurer of the Western Savings Bank. Dr. Harrison H. Whaton was reelected executive manager of the organization.

The 250 delegates to the convention voted unanimously in favor of a resolution to encourage the savings banks that they represent to make mortgage loans direct to the borrower and home owner and in other ways make home building operations easier.

JOHN F. SCHMID

At the annual meeting of the stockholders of the Asia Banking Corporation, 35 Broadway, New York, the board of directors was re-elected with the exception that John F. Schmid, vice-president of the Bankers Trust Company was elected to take the place of Seward Prosser, retired. At the annual meeting of the board of di-

rectors all officers of the corporation were re-elected.

ITALIAN DISCOUNT COMPANY ELECTION

At a special meeting of the board of directors of the Italian Discount and Trust Company of New York the following directors were elected: Luigi Berizzi, of Berizzi Brothers; Vincenzo de Luca, of V. de Luca & Company, bankers, and George Edward Smith, president of the Royal Typewriter Company.

CORN EXCHANGE BANK

The Corn Exchange Bank of New York will open its forty-fourth branch at the corner of Sixteenth street and Seventh avenue, on or about June 15.

GREENWICH SAVINGS BANK BUYS IN BROADWAY

The Greenwich Savings Bank, the third oldest institution of its kind in New York City, will build a banking and commercial structure at the northeast corner of Broadway and Thirty-sixth street. No definite plans have been prepared for the new structure.

SEABOARD NATIONAL BANK IN NEW BUILDING

The officers and directors of the Seaboard National Bank have announced the removal of their banking rooms to the northeast corner of Broad and Beaver streets, New York.

LOUIS BRADY ELECTED VICE- PRESIDENT

Louis S. Brady, vice-president of the First Trust & Deposit Company of Syracuse, was elected a vice-president of the Bankers Trust Company of New York at the meeting of the board of directors on



LOUIS S. BRADY

Formerly of Syracuse, who has been elected Vice-President of the Bankers Trust Company, New York

May 3. Mr. Brady was born at Katonah, N. Y., thirty-seven years ago, and at the age of seventeen he entered the employ of the Fifth Avenue Bank and remained with that institution for ten years, advancing from the position of bank messenger to credit man. He then became assistant cashier of the New Netherland Bank, and after several years of service there he became an assistant clearing house examiner. In 1 15

he went to Syracuse as an officer of the First National Bank of Syracuse, which later by merger with the Trust & Deposit Company, of Onondaga, Syracuse, became the First Trust & Deposit Company of Syracuse and the largest bank in that city.

NEW YORK STOCK TRANSFER ASSOCIATION

At a recent meeting of the executive committee of the New York Stock Transfer Association an amendment was adopted admitting as associate members of the association, representatives of banks and trust companies outside of New York City which act as transfer agents and do stock transfer work.

The New York Stock Transfer Association was organized about a year ago by J. F. Atterbury of J. P. Morgan & Co., H. A. Duncan of the Guaranty Trust Company of New York, H. Walter Shaw of the New York Trust Company and H. B. Watt of the Bankers Trust Company. With the assistance of some of the other officers of large financial institutions doing stock transfer work in New York City, the association has been interesting itself in the transfer of securities.

Recently bankers and brokers throughout the United States were agitated by certain United States Government regulations pertaining to the transfer of securities. The executive committee of the association appointed a special committee, with H. Walter Shaw as chairman, which was sent to Washington with counsel. The committee in conference with solicitor general of the internal revenue department of the United States came to an understanding whereby brokers and transfer agents might continue their previous practice of transferring securities until further notice.

The executive committee of the association is now composed of:

H. Walter Shaw, New York Trust Company, chairman; Calvert Brewer, U. S. Mortgage & Trust Company, treasurer; J. E. Atterbury, J. P. Morgan & Co., secretary; A. E. Bates, Equitable Trust Company; H. B. Smith, Bank of America; H. B. Watt, Bankers Trust Company.

BOOK ON TRADE ACCEPTANCES

The American Exchange National Bank of New York has issued the 1921 third revised edition of its standard work on "Acceptances." Men needing a practical exposition of the latest developments in the use of bankers' and trade acceptances as an

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authoritative reference book in connection with the daily conduct of their business will find in it complete information of the best practice.

ORDER STOPS BANKS SENDING FOR FUNDS

Banks operating in New York under State control must do their banking beneath their own roof and discontinue the practice of sending out of payroll funds by messengers. Superintendent George V. McLaughlin in a recent notice to all state banks and trust companies called attention that this was a violation of the state banking law, and insisted that "the practice must be immediately discontinued."

The notice received by the institutions under state control follows:

It has been called to the attention of the department that one or more institutions have adopted a plan which provides for sending messengers to the place of business of their depositors for the purpose of receiving deposits and attending to other business of the bank. This is in violation of Section 110 of the banking law, which provides that "no bank, or any officer or director thereof, shall transact its usual business of banking at any place other than its usual place of business, except that a bank, in a city which has a population of more than 1,000,000, may open and occupy in such city one or more branch offices for the receipt and payment of deposits, and for making loans and discounts to customers of such respective branch offices only." This section and Section 195 provide for the manner in which branch offices may be opened.

The receipt of deposits or the cashing of checks has been construed to be carrying on a banking business and therefore any bank transacting its business under the arrangement recited above is violating the provisions of the banking law and the practice must be immediately discontinued.

GEORGE V. McLAUGHLIN,
Superintendent of Banks,
State of New York.

BROWN BROTHERS & CO. BOOKLET

A list of securities considered legal investments for savings banks in New York State by the State Banking Department on

January 1, 1921 has been issued by Brown Brothers & Co., New York.

ANOTHER VICTORY FOR EQUITABLE BASEBALL TEAM

The champion Equitable Trust Company of New York basket ball team, which has just closed the Bankers League season without a defeat, added to its record on May 7 by defeating the team representing the First Trust & Deposit Company of Syracuse, by a score of 43-30.

NATIONAL BANK OF COMMERCE APPOINTMENTS

John W. Davis of the law firm of Stetson Jennings and Russell, New York, has been elected a director of the National Bank of Commerce in New York.

Edward Vanderpoel has been appointed an assistant cashier of the bank. Mr. Vanderpoel entered the bank in 1904 in his fourteenth year. He was appointed assistant auditor in 1917 and was later assigned to special work on the cashier's staff.

W. A. HENDERSON

At a meeting of the board of directors of the Bankers Trust Company of New York, W. A. Henderson, formerly assistant treasurer, was appointed treasurer of the company.

ONE EVIDENCE OF INCREASE IN BUILDING

In these days of hesitancy in American business, it is worth while to point to concrete evidence, of a gradual increase in one of our basic industries—construction.

Such evidence is seen in the building record of one construction firm for the first three months of 1921.

Hoggson Brothers, the New York and

New York Laws affecting Business Corporations

Revised to July 1, 1921

Contains the Amendments of 1921, including the Blue Sky Law and the provision permitting Public Service Corporations to issue non par value shares.

Price \$2.00

United States Corporation Company

65 Cedar Street, New York

Chicago builders who have specialized for many years in one type of building—that of bank design and construction—report that during the period from January 1, to April 1, 1921 they have completed work on nine bank buildings. This number includes buildings in New York City, Wyoming, Kansas, Pennsylvania, Illinois and Michigan.

This record for completed contracts taken in connection with those still under construction and the still larger number which this one firm expects to commence work upon in the next few months, indicates perhaps better than anything else the fact that construction as a whole is feeling the recent decline in prices and is getting back nearer the level which it must maintain to make up the great lack in commercial buildings which has resulted from the war and its after effects.

MERCANTILE BANK CHANGES

Albert Strauss has been elected vice-president and a director of the Mercantile Bank of the Americas, New York, to succeed his brother, Frederick Strauss, both being members of the banking firm of J. & G. Seligman and Company. W. Palen Conway, vice-president of the Guaranty Trust Company of New York, and Robert F. Loree, manager of the foreign department of the Guaranty, have also been elected vice-presidents.

EQUITABLE TRUST COMPANY BOOKLET

The Equitable Trust Company of New York, 37 Wall street, has just issued a booklet entitled "The Safe Keeping Ac-

count—Custody and Charge of Investments," in which is discussed the advantages of placing your securities in the care of a trust company.

NEW QUARTERS FOR WM. T. MULLALLY, Inc.

The advertising agency of Wm. T. Mullally, Inc. whose quarters are at 198 Broadway have moved from the ninth to the tenth floor in the same building, which doubles their space and increases their facilities for efficient service to their clients.

DIRECTORS OF STATE BANK

Jules S. Bache of J. S. Bache & Company and Robert L. Barr, vice-president of the Chase National Bank, have been elected to the board of directors of the State Bank of New York, succeeding Sol Wexler and Walter L. Burckett.

NEW YORK AND CHICAGO BOND CLUBS OUTING AT SLEEPY HOLLOW COUNTRY CLUB

At the annual outing of the New York Bond Club held at the Sleepy Hollow Country Club and at the Scarsdale estate of Frank A. Vanderlip there were about five hundred in attendance, and such attractions as baseball, tennis, golf and trap-shooting were the order of the day.

The Chicago Bond Club were the guests of the New York club, and the baseball game between the two clubs was the feature of the day. Charles H. Sabin, president of the Guaranty Trust Company of New York, was the pitcher for the New York team for the first part of the game. The Chicago team carried away the silver trophy which was donated by J. P. Morgan & Co. through a victory of 18 to 8.

Following was the line-up:

NEW YORK		CHICAGO	
James McMillen.....	2d B.....	Wayne C. Taylor	
Walter H. Taylor.....	S. S.....	T. N. McGowan	
Leslie L. Vivian.....	3d B.....	J. H. Briggs	
J. C. Anderson.....	1st B.....	D. L. De Golyer	
Ralph T. Ryan.....	R. F.....	F. H. Johnson	
Seymour F. Barr.....	C. F.....	Charles B. Stuart	
Bertram Stiff.....	L. F.....	Frank Whiting	
W. B. Scarborough.....	C.....	Lawrence Howe	
C. H. Sabin.....	P.....	Philip P. Clarke	
Everett Bacon.....	P.....		

In golf Caryl H. Sayre led with a net 75, having received a handicap of 11 strokes. After the golf and baseball matches had been concluded, an exhibition match of tennis doubles was played by Messrs. Johnson and Washburn against Messrs. Mathey and Throckmorton. The former took three out of five sets. After dinner at the club-



Francis H. Sisson, vice-president Guaranty Trust Company, driving from the 18th tee, Mr. Stanley and Mr. Strong sitting



Benjamin Strong, Jr., turning in score, L. J. Dibble in the foreground



Benjamin Strong, Jr., governor Federal Reserve Bank New York, Grosvenor Farwell, president New York Bond Club, Thomas Carpenter, president Chicago Bond Club, Charles H. Sabin, president Guaranty Trust Company, New York

house, music and vaudeville were enjoyed. Sanger B. Steel was general chairman of the outing, assisted by J. A. Clark, chairman of luncheon committee; Earl Beyer,



Frank A. Vanderlip throws in the first ball



Charles H. Sabin, pitcher for the New York Bond Club

Invest Your Savings

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Thrift Stamps at twenty-five cents

*\$1 Treasury Savings

Stamps \$1.00

\$5 War Savings

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*\$25 Treasury Savings

Certificates . . \$20.85

\$100 Treasury Savings

Certificates . . \$83.40

\$1000 Treasury Savings

Certificates . . \$834.00

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They are backed by the nation's strength

On Sale at Banks and Post Offices

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Second Federal Reserve District

120 Broadway, New York

NEW DIRECTORS ELECTED

At a meeting of the board of directors of the United States Safe Deposit Company, New York, Chauncey H. Murphey, vice-president of the United States Mortgage & Trust Company and Elisha Walker, president of Blair and Company, Inc., were elected directors.

UNION NATIONAL CORPORATION ORGANIZED

The Union National Corporation, of New York, of which Thomas Fairvies is president, announces the opening of offices in the new Munson Building, 67 Wall street, for the conduct of a general commercial banking business.

MECHANICS AND METALS APPOINTMENTS

At a recent meeting of the board of directors of the Mechanics and Metals National Bank, Carl Schulz was appointed manager of the foreign department. Mr. Schulz had for more than ten years been assistant manager of that department.

William H. Hollings was appointed manager of the Columbus avenue branch of the bank, and Trygve Nielsen was appointed manager of the Broadway branch.

Clarence B. Wilkes was appointed assistant manager of the Produce Exchange branch, and William H. Bedell was appointed assistant manager of the Columbus avenue branch.

MERCANTILE BANK OF THE AMERICAS CAPITAL INCREASED

The Mercantile Bank of the Americas has announced that its stockholders have, through increase in its capital stock and otherwise, provided \$20,000,000 of new cash. In addition, arrangements have been made for credits to facilitate the work of the bank in dealing with its requirements. This will enable the bank to meet the needs of its customers arising out of the stagnation in commodity markets and the dislocation of the exchanges, and to maintain the close relations which it has been able to establish between the United States, Cuba, Central and South American republics.

The bank's present combined capital and surplus is approximately \$11,000,000. It has forty-eight branches, most of them in South America, and its chief business has been in credit advances to planters. Because of the decline in commodity prices many of the creditors have been unable to

chairman of transportation committee; William B. Scarborough, chairman of trap-shooting committee; E. P. Currier, baseball; C. E. Gardner, indoor sports; Robert A. Bould, publications; Jacques S. Cohen, music and vaudeville; E. H. Barker, entertainment; Howard F. Whitney, golf; Dean Mathey, tennis; J. H. Ijams, trophies; Donald Durant, chairman of publicity committee.

The bond men of Chicago, headed by President T. S. Carpenter, were guests of the governors of the New York Bond Club at luncheon the following day.

Among the New York bankers and bond men who attended the day's festivities were Benjamin B. Strong, governor of the Federal Reserve Bank; Charles E. Mitchell, president of the National City Bank; Paul M. Warburg, George W. Hodges, Charles S. Sargeant, James H. Perkins, Frank A. Vanderlip, Everett Sweezy, Pierpont Davis, W. L. McKee, Arthur Salomon, Martin Vogel, Francis L. Sisson, A. B. Leach, Charles Haden, John McHugh, Elisha Walker and William A. Read, Jr.

take up their obligations and were also without funds to put in a new crop. It is the belief of officials of the bank that the advance of new capital will minimize losses which it might have to assume if additional capital were not advanced to those already indebted to the bank. Details of the recapitalization have not been completed, but the contributors of \$20,000,000 will probably receive preferred stock of the bank.

The Mercantile Bank of the Americas was organized in 1915 with a paid-up capital of \$2,500,000, owned mostly by banking institutions interested in foreign trade. James Brown of the banking firm of Brown Brothers & Company, is the president, and its largest stockholders are the Guaranty Trust Company, J. & W. Seligman & Company, Brown Brothers & Company, Columbia Trust Company, Continental and Commercial National Bank of Chicago, Hibernia Bank and Trust Company of New Orleans, Anglo and London-Paris National Bank of San Francisco, Guardian Trust Company of Cleveland, Shawmut National Bank of Boston and Adolph Stahl of Schwartz & Company, Guatemala. All of these stockholders have contributed to the capitalization.

GEORGE L. BURR APPOINTED VICE-PRESIDENT

At a meeting of the executive committee of the board of directors on April 28, George L. Burr was appointed a vice-president of the Guaranty Trust Company of New York.

Mr. Burr has been a vice-president of the Guaranty Company of New York since its organization last October, prior to which time he had been manager of the bond department of the Guaranty Trust Company. Mr. Burr was born at Phoenixville, Pa., in 1889. He was graduated from Harvard College in 1910 and from the Civil Engineering School of Columbia University in 1912. After his first employment, as a draftsman by the Interborough Rapid Transit Company, he became associated with the Stone & Webster Engineering Corporation. For a year he was with the Houston Electric Company and the Galveston-Houston Electric Railway Company in Houston, Texas, leaving there in January, 1914 to become secretary to the Texas assistant district manager of the Stone Webster Management Association, with offices in Dallas, Texas. He came to the bond department of the Guaranty in October, 1916, and was appointed assistant man-

ager in May, 1918, and manager in July, 1919.

A NEW BROOKLYN BANK MERGER

Nathan S. Jonas, president of the Manufacturers Trust Company, of Brooklyn, N. Y., announced that at a meeting of directors of the Ridgewood National Bank of Brooklyn held, May 25, he had been elected a director thereof. Also that interests associated with the Manufacturers Trust Company had purchased control of the Ridgewood National Bank and that when the details are completed the Ridgewood National Bank will be merged into the Manufacturers Trust Company, and be operated as a branch of that institution. All of the officers, directors and employees of the Ridgewood National Bank will become associated with the Manufacturers Trust Company, which will then bring to Ridgewood and Queens Borough the resources of a large and powerful institution ready to serve this rapidly growing community.

When the merger shall have been consummated the Manufacturers Trust Company will become the largest and most important business banking institution in the Borough of Brooklyn with capital and surplus of over \$4,500,000, deposits of over \$40,000,000 and total resources approximating \$50,000,000.

Negotiations for the combination of the two institutions were conducted by Ralph Jonas of Jonas and Neuburger for the Manufacturers Trust Company and Michael Helfgott represented the Ridgewood National Bank.

BOOKLET ON LEGALLY AUTHORIZED INVESTMENTS

Remick, Hodges and Company, of New York, have issued a booklet on "Legally Authorized Investments for Savings Banks and Trust Funds in the State of New York," and the law limiting such investments. The list is made to comply with the law on January 1, 1921.

FIDELITY TRUST COMPANY OPENS NEW BRANCH

On May 2, the Fidelity Trust Company of Buffalo, New York, opened its first branch, the location of this office being at the corner of Main and Utica streets. This is in the so-called Cold Spring section of Buffalo, a district which in recent years has become a very prosperous business center.

George D. Thomson, the manager of this branch, and Edward L. Dee, assistant man-

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AND
ATLAS
NATIONAL BANK
OF BOSTON**

We will render Prompt and Economical Service, thoroughly satisfactory to you, and what is most important, PLEASING TO YOUR DEPOSITORS.

Credit Service

We maintain a most comprehensive credit file on New England names and endeavor to write our correspondents detailed and helpful credit letters.

A Strong Bank of Dependable Service

Established 1833

Capital, Surplus and Profits	.	.	\$2,700,000
Average Deposits, about	.	.	12,000,000

Chairman of the Board
AMORY ELIOT

President
RAYMOND B. COX
Vice-President and Cashier
JOSEPH L. FOSTER

Vice-President
EDWARD M. HOWLAND

ager, have both been at the main office of the Fidelity for a number of years, their well rounded banking experience enabling them to assume the responsibilities of this branch in excellent manner.

On June 1 the company will open its second branch, which will be called the Delaware Avenue Branch. This office will be located at the corner of Delaware avenue and Chippewa street in a section that is close to Buffalo's main shopping district and which is developing rapidly as a business center.

Darwin G. Sabin, Jr., the manager of this branch, and Elmer L. Stradtman, assistant manager, have both been at the main office of the Fidelity for some time, and with their broad practical knowledge of banking they are well qualified to take charge of this branch.

CONVENTION OF RESERVE CITY BANKERS AT BUFFALO

The program of the ninth annual convention of the Association of Reserve City Bankers, to be held at the Hotel Lafayette, Buffalo, N. Y., on June 2 and 3, 1921, will go as follows:

Thursday, June 2, morning: Address, "Acceptance Syndicate Plan for Financing Ex-

ports," Dr. J. T. Holdsworth, vice-president, Bank of Pittsburgh, N. A., Pittsburgh; address, "Present Conditions in Cuba," Oscar Wells, president First National Bank, Birmingham, N. Y.

Afternoon: Golf Tournament, Orchard Park. Evening: annual banquet, Fred. W. Ellsworth, toastmaster. Address, "Dollars vs. Citizens," John H. Puellcher, vice-president Marshall & Ilsley Bank, Milwaukee, Wis. Address, John D. Wells, city editor Buffalo Times, Buffalo, N. Y.

Friday, June 3, Morning: Address, "Commercial Letters of Credit and Repudiation of Contract Under Letters of Credit," Charles H. Marfield, vice-president Seaboard National Bank, New York. Address, "Was It The Federal Reserve?" Hon. David C. Wills, chairman of the board, Federal Reserve Bank of Cleveland. Address, "What Change, If Any, Should Be Made in the Distribution of Earnings of the Federal Reserve Banks," J. H. Herzog, vice-president National Commercial Bank and Trust Company, Albany.

Afternoon: Address, "Conversion of National Banks Into State Banks and Vice Versa," Joseph R. Kraus, vice-president, Union Trust Company, Cleveland; Address, "Recent or Contemplated Changes in the Federal Reserve System," Walter W. Head, president Omaha National Bank, Omaha.

UNITED STATES TRUST COMPANY, PATERSON, N. J.

The United States Trust Company of Paterson, N. J., has announced that William E. Walter, formerly examiner for the department of banking and insurance of the State of New Jersey has been appointment a vice-president.

New England States

THE
FIRST NATIONAL BANK
of Boston

Transacts commercial
banking business
of every nature

Make it your New England correspondent

Capital, Surplus and Profits
\$37,500,000



Deposit-Building Service for Banks

We offer to our bank correspondents, so that they may in turn offer it to their clients, a special service outside the scope of routine banking which we have found very valuable in securing commercial deposit accounts. Banks which are seeking to increase their deposits will find it to their advantage to communicate with us.

The Merchants National Bank of Boston

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

SINCE last month many of the strikes that were interfering with business have been settled in one way or another and conditions have materially improved. Wage reductions in many of the basic New England industries have been accomplished with less friction than was deemed possible a few months ago, and production on a new basis of costs is already well under way. This is particularly true in the hide market, where a better tone has developed and where larger and better orders are being received daily. The leather trade is feeling better also, although there is a good deal of complaint that business is held up by the reluctance of a few retailers to follow the wholesalers in their price cutting.

The wool industry and the woolen textile mills report a decided improvement both in present volume of business and in the outlook for the future. The cotton mills are not quite so fortunate and there is a great deal of unsettlement and uncertainty in the trade.

The building business is improving. With practically all of the large contractors around Boston working on the open shop plan the business has become sharply competitive and prices are ranging much lower than a few months ago. Building materials have dropped also, and loaning institutions are far more favorable to plans for financing building operations than they were a short time ago. Real estate prices are steadily dropping toward a normal level and there is a feeling in well-informed real

estate circles that the hectic conditions of a year or two are now definitely past. The banks and loaning institutions have handled the complicated real estate situation admirably during the period of inflation in realty values, refusing steadily to accept as a basis for loans the new prices and values temporarily established by the wild scramble for real estate; and as a result of this conservative method of handling the situation the readjustment to a normal level in the real estate market has been accomplished very smoothly.

Banking conditions are sound, and the flurry over the closing of several smaller trust companies around Boston during the past year has all passed and the actions of the Massachusetts bank commissioner have received the hearty approval of the authorities and the sound, conservative bankers, in spite of the attacks that have been made on the commissioner.

Business failures have increased, but the ratio of liabilities to assets is less depressing than was the case a few months ago. Few of the failures are of more than narrow influence and they do not seem to indicate any special strain in any one locality or line of business.

Labor conditions are slowly but steadily improving, but it is evident that there will be a great deal of unemployment during the summer and until the whole question of wages is finally settled.



CONVENTION DATES

Maine at Belgrade Lakes, June 18.

REPORT BOSTON BANK MERGER

A merger of the Beacon Trust Company and the Equitable Trust Company, both of Boston, Mass., combining deposits of nearly \$20,000,000, is reported. Charles B. Jopp, president of the Beacon Trust Company, said that acceptance of an offer of \$135 a share for the capital stock of the Equitable had been recommended by directors of the latter. Charles B. Strecker, president of the Equitable who was assistant treasurer of the United States, is to retire because of ill health.

CORPORATION TO DEAL IN STOCKS AND BONDS

Announcement is made of the incorporation of Whitney, Cox & Company, Inc., Boston and Providence, to transact a general investment business in high grade stocks and bonds, with a capital of \$100,000. The incorporators are George H. Cox, Jr., of Boston, president; Harry H. Whitney of Providence; William I. Gummerson of Long Meadow, R. I., and C. Earl Watson of North Reading, Mass., vice-presidents, and M. DeW. Hanrahan of Boston, secretary and treasurer.

George H. Cox, Jr., was formerly connected with White, Weld & Company, and at one time was associated with the Massachusetts Trust Company as junior officer. He is a Harvard graduate of the class of 1906. Harry H. Whitney, a member of the Harry Payne Whitney family, is a graduate of Massachusetts Institute of Technology. William I. Gummerson was formerly connected with the International Correspondence School. Both Mr. Whitney and Mr. Gummerson are particularly well known in Providence, R. I., and C. Earl Watson is well known in Boston banking circles. M. DeW. Hanrahan has been connected for several years with A. H. Bickmore & Company of New York and Boston, and was later connected with the United States treasury department.

Each of these men has had more than ten years' active experience in the investment banking business and the company's sales organization is expected to cover the New England States.

MONEY FOR HOME BUILDING

The real estate department of the Old Colony Trust Company, Boston, Mass., has made an arrangement with the Metropolitan Life Insurance Company for the financing of home building in New England.



This clock, recently installed by the Webster and Atlas National Bank on one of Boston's busiest corners is much appreciated by the thousands of people who pass by every business day

Loans are to be made for 15 years at 7 per cent. up to a reasonable proportion of the actual value of the property, the principal to be paid off in annual installments. A special plan has been worked out for manufacturers desiring housing loans in lots of 25 or more.

FIRST NATIONAL BANK OF BOSTON

The statement of the First National Bank of Boston, Mass., at April 28, 1921 showed total resources of \$219,979,359.61, surplus and undivided profits, \$22,913,832.66 and deposits, \$138,692,342.19.

AMERICAN TRUST EMPLOYEES ENJOY SEA BREEZES

The employees of the American Trust Company of Boston are once more enjoying the advantages of the club house which

Park Trust Company

Park Building, 511 Main Street
WORCESTER, MASS.

Capital \$300,000
Surplus and Earnings..... 202,580

F. A. Drury, President.

T. J. Barrett, Vice-President.

H. M. Abbott, Treasurer.

Frederick J. Bye, Assistant Treasurer.

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is provided for their use at Kenberma, Mass. This club has been an effective means of promoting that spirit of cooperation and loyalty which is a characteristic of the staff of this bank.

BOSTON BANK AND TRUST BASEBALL LEAGUE

The Boston Bank and Trust Baseball League which includes six Boston banks have been following the schedule given below since the beginning of May. Games are called at 4.30 p. m.

May 4 and June 22: First National vs. National Shawmut; Federal Trust vs. Beacon Trust; Fourth Atlantic. Not playing; Exchange Trust vs. Old Colony.

May 11 and June 29; First National vs. Old Colony; Federal Trust vs. National Shawmut; Forth Atlantic vs. Beacon Trust; Exchange Trust. Not playing.

May 18 and July 6. First National vs. Federal Trust; Fourth Atlantic vs. Exchange Trust; National Shawmut vs. Beacon Trust; Old Colony. Not playing.

May 25 and July 13: First National vs. Exchange Trust; Federal Trust vs. Fourth Atlantic; Old Colony vs. National Shawmut; Beacon Trust. Not playing.

June 1 and July 20: First National. Not playing; Federal Trust vs. Old Colony; Fourth Atlantic vs. National Shawmut; Exchange Trust vs. Beacon Trust.

June 8 and July 27: First National vs. Fourth Atlantic; Federal Trust. Not playing; National Shawmut vs. Exchange Trust; Beacon Trust vs. Old Colony.

June 15 and August 3: First National vs. Beacon Trust; National Shawmut. Not playing. Federal Trust vs. Exchange Trust; Fourth Atlantic vs. Old Colony.

The First National Bank has thus far won all three of its games.

CONDITION OF THE FOURTH-ATLANTIC NATIONAL BANK

The statement of condition of the Fourth-Atlantic National Bank of Boston, Mass., at the close of business, April 28, 1921 showed total resources of \$34,116,479.46, surplus and undivided profits, \$3,193,321.73 and deposits, \$24,327,799.05.

PAYS TRIBUTE TO NEW ENGLAND

In an address before the New Hampshire Bankers Association at Manchester, N. H., Comptroller of the Currency Crissinger said in part:

The banker who comes to New England to preach banking ethics and practice, will, if he be wise, come with uncovered head, as one would approach a shrine; with bare feet, as the devotees of some religions enter their sacred places. He will be yet wiser if, having in mind the New England habit of thrift and "getting on," he comes with his pockets empty. With such precautions, he may hope to give no offence, to have no available assets abstracted from his person, and perchance even to get away with something more than he brought.

We have all been coming for generations to you of New England for the financial support, the ready cash, the loans on call and mortgage, that have meant opportunity for other sections to build, develop, grow. Kipling in one of his poems of tribute to the British Empire as a whole, apostrophizes England as "the power-house of the line," the center whence radiate the skill, wisdom, management, financial authority and economic strength that make possible the maintenance of that world-fung community. So I venture to apostrophize New England as our "power-house of the line," the reservoir of sense, saving, thrift, conservatism and enterprise from which we have been accustomed to draw for the financing and direction of enterprise everywhere. For, after all, you of New England have earned altogether too much repute for conservatism, and too little for enterprise.

At a time like the present, when, on a nation-wide scale, we have need for the most judicious admixture of conservatism and enterprise, of holding back and pressing forward, of proper economy and reasonable willingness to spend, of moderation and audacity, it is good to come to talk to a gathering of New England financiers, who, one feels very certain, will know just what is meant by such

a juxtaposition of opposites. So I come to you as one who would learn, rather than teach; seeking to learn your lesson rather than to teach you any of mine. It is my most earnest wish that you may all believe me to be very sincere when I say this, for in the difficult position to which I have been called under the new administration, I find every day the need for the New England sort of support. There are times when people in relations to finance don't feel at all sure of needing that sort of thing. I can say to you, with a good deal of confidence, that just at present the New England financial idea is standing extremely well with the country. The possession of available, movable, liquid resources entitles the holder nowadays not only to our distinguished consideration, but to a going cent per cent, that is the most substantial testimony to our eminent approval.

We have a way, in this country, of turning to New England for credit, in times like the present, of the sort that is solid without being too solid. You of the down-East tradition have repute for avoiding extremes; for being a bit cold, but always avoiding that excess of coolth that would imply frozen credits. At large, we are suffering from severe chilblains in the credit department, but I take some satisfaction in saying to you that we see good signs ahead; we are coming into the stage in which we are beginning to rub snow on the frozen members in order to avoid the discomforts of too rapid thawing.

Yours is an industrial and financial community, and it has suffered with the rest in the recent period of depression. But you have the substance of real wealth, the wisdom of long experience, the background of sound policies. There has never been much of sympathy among you for programs of extremism. If there be still some who view with concern the seemingly disproportionate influence of New England in the national councils, both business and political, I think I can suggest some considerations that may explain your potentiality without doing great discredit to either your business men or your politicians. When, after the revolution, there were those who insisted that the debts of the war for independence could never be paid and would better be repudiated at once, New England stood firm for keeping the national credit good. When the same issue rose after the Civil War, you voted no to every proposal of scaling or shirking the national debt. When greenbackism, still later, held forth its promise of prosperity by fiat, you told us that prosperity did not come by that route; that it was to be had only by saving, and plain living, and accumulating. When the same proposal, diluted somewhat into the free silver program, came still later, you stood as a rock for sound money. Your record is sound, and you are entitled now to the recognition which, as a Middle Westerner and a democrat of the old-fashioned sound-money faith, I am glad to bring to you.

AMERICAN TRUST COMPANY

The American Trust Company of Boston, Mass., showed total resources of \$27,871,-856.28 at April 28, 1921. The surplus is \$2,000,000, undivided earnings, \$745,489.13 and deposits, \$21,072,548.13.

NATIONAL SHAWMUT BANK OF BOSTON

The statement of condition at April 28, 1921 of the National Shawmut Bank of Boston, Mass. showed total resources of \$180,685,354.97, surplus and undivided profits, \$11,650,226.21 and deposits, \$112,-394,913. 4.

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Arkansas, Kentucky, and Tennessee.

ECONOMIC CONDITIONS IN THE SOUTHERN STATES

By THOMAS EWING DABNEY

THE shoe still pinches in the cotton district of the South, and will continue to pinch until the capital and labor now tied up in the bales of cotton is released through their sale. But if anyone thinks the pinching shoe is enough to cripple the South—he is very much mistaken. No need to resort to hurrah generalities to prove this. Let the bankers and the tax collectors bear witness. Let the builders testify, and let the business men show their ledgers.

"If liquidation of borrowing in the Atlanta Federal Reserve District continue as in the past three months," said M. B. Wellborn, governor of the bank, "the directors of the reserve bank will consider lowering the discount rate." In other words, business is sufficiently sound to be encouraged to expand. Its root-spread in the ground of well-tilled, economically fertilized prosperity is strong enough to push fruitage.

The ground from which all business draws its nourishment is the agricultural well-being. This in the South means the cotton planter; and, continues Mr. Wellborn:

"The farmers have had a lean year after four fat years. They have their lands, and many of them are now borrowing money from land banks and mortgage companies to liquidate their indebtedness to their banks. But they're not bankrupt by any means. And not apt to be. I expect to see the beginning of the end of the present period of depression this fall."

There's the banker speaking—the watchdog of the treasury, always the first to sound the alarm, now dinning optimism into the ears which he first alarmed.

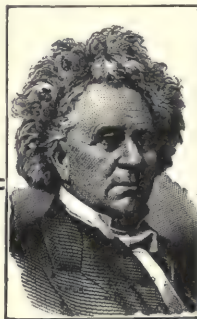
And the Government is putting its shoulders to the financial wheel, as witness the recent approval of an application for a loan of \$2,000,000 by the War Finance Corporation, to Southern banking interests, for financing cotton exports to Europe.

Now call the tax collectors to the stand. "The payment of taxes in the lower

Mississippi Valley is surprisingly good," says a report published by the Southern Alluvial Land Association. It goes on to say that the report of Southern States being ruined is very much exaggerated.

This summary is made from a study of conditions in a hundred or so counties in the territory mentioned—the counties that bear the bulk of the load in improvement bonds of all kinds issued in the cotton growing region. Practically every county is in a levee district, and has from one to a dozen drainage districts and as many road improvement districts, nearly all of which are financed by voluntary bond issues.

Twenty of these counties in Mississippi, for example, reported tax collections aver-



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Bank of Charleston, N. B. A.

CHARLESTON, S. C.

Capital.....	1,000,000
Surplus and Profits....	1,000,000
Resources.....	15,000,000

E. H. Pringle, Pres.
 E. H. Pringle, Jr., Vice-Pres.
 R. S. Small, Vice-Pres.
 A. R. LaCoste, Vice-Pres.
 G. W. Walker, Cashier.
 J. H. Lucas, Assistant Cashier.
 C. N. Fishburne, Asst. Cashier.

Special attention given to city collections.
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aging better than 90 per cent.; and ten had collected 97 per cent. of all taxes. In Louisiana, 85 per cent. of all taxes had been paid when the report was made, and collections were still going on. In Arkansas, delinquencies were only two or three per cent. higher than the year before. And so with the other States. Tax collections are as definite an indication as anything devised by man could be.

An interesting development has been the return of labor to the country. The South did not become, during the war, the great shipbuilding and manufacturing section that the East and West did, but there were some yards and some factories, and they drew labor from the fields until the farmers were almost in despair. Now the emergency production has ceased, and labor is content to go back to its furrow, even at reduced wages, for the cost of living has greatly dropped.

To give a typical example: The farm labor supply of Louisiana is 107 per cent., compared with what it was a year ago, and 92 per cent. of the normal supply. The demand for farm labor, however, is only 78 per cent. of normal.

These figures are representative of the South generally. For the entire country, the labor supply is 95 per cent. and the demand 87 per cent. of normal. The lower demand for labor in the South must be read in connection with the movement for a reduction in cotton acreage of at least 35 per cent.

Men don't build houses, factories and places of business on financial quicksands, and the revival of construction throughout the South reflects the confidence in the situation, felt by men with real money.

Eight cities in the Sixth Federal Re-

serve District showed substantial increases in building operations in March, as compared with the boom times of the same month last year.

In Atlanta, 350 permits for building, totalling \$1,094,164 were issued last March, an increase of 4.5 per cent. over March, 1920.

In Birmingham, 506 permits were issued, \$665,506, an increase of 52.7 per cent.

In Knoxville, 126 permits were issued, \$511,868, an increase of 48.3 per cent.

Pensacola, Jacksonville, Tampa and other Florida cities registered increases up to 113 per cent.

Cities to register decreases were New Orleans, Anniston, Augusta, Brunswick, Columbus, Savannah, Macon, Johnson City and Nashville.

In retail business, New Orleans is the only city in the district to show a gain.

New Orleans' retail trade increased .05 per cent., while Atlanta's dropped 10.1 per cent., Nashville's 9.4 per cent., and the average for the entire district showed a decrease of 4.7 per cent.

Stocks in the New Orleans stores on March 31, 1921, were only 8.5 per cent. lower than on March 31, 1921. Atlanta's stocks were 21.1 per cent., under those for the previous March. The average for the district was 12.7 per cent. less.

In bank clearings, New Orleans passed Atlanta this last March by \$6,500,000. In March, 1920, Atlanta was \$6,000,000 ahead of New Orleans. Bank clearings of New Orleans for March, 1921, were \$193,343,648, 35 per cent. less than for March, 1920, but \$18,000,000 greater than for February, 1921.

With the increase of cotton exports financed by the War Finance Corporation, the movement of the staple to the ports should relieve the pinch in the back country.

This is not a time for Wallingford money, but conditions in the South are stable, and offer opportunities for real business and real business men.



CONVENTION DATES

Virginia at Hot Springs, June 16-18.

Kentucky at Louisville, August 24-25.

ANNIVERSARY OF ROANOKE BANK

The National Reserve Bank of Roanoke, Virginia passed its thirty-second anniversary on May 8, 1921. The total resources

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Capital, \$1,500,000

Surplus, \$1,000,000

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SUMMERFIELD BALDWIN, Vice-President

PAUL A. SEEGER, Vice-Pres.

JOSEPH W. LEFFLER, Cashier

CLINTON G. MORGAN, Vice-Pres.

WILLIAM R. WEBB, Asst. Cash.

of the bank are over \$11,000,000 and capital and surplus \$1,000,000.

The comparative statement of deposits shows its growth since organization:

May 7, 1889.....	\$1,779.98
May 7, 1890.....	200,219.84
May 7, 1895.....	90,913.41
May 7, 1900.....	551,835.73
May 8, 1905.....	1,159,856.74
May 7, 1910.....	2,241,373.13
May 7, 1915.....	4,233,214.59
May 7, 1920.....	5,548,235.73
May 7, 1921.....	10,344,348.92

The officers are: J. B. Fishburn, chairman of board; E. B. Spencer, president; Lucian H. Cocke, D. M. Taylor, Edward L. Stone, vice-presidents; N. W. Phelps, cashier; T. L. Engleby, F. M. Kulp, A. F. Rawson, C. W. Beerbower, assistant cashiers.

OLIVER J. SANDS TO HEAD HISTORICAL PAGEANT

Oliver J. Sands, president of the American National Bank, Richmond, Virginia, has been selected to head the Virginia Historical Pageant which is to be staged in that city in May, 1922. The state and city

feel that a better choice could not have been made to head this giant spectacle. Mr. Sands has been actively identified with practically every movement inaugurated in Richmond for many years for the public welfare and the advancement of the city and State.

Mr. Sands is also chairman of the Virginia Near East Relief Fund and heads the Good Roads Association in this state. He is admirably fitted to direct this new undertaking.

SOUTHERN BANKER HEADS EQUITABLE ORGANIZATION IN ATLANTA

The Equitable Trust Company of New York recently announced the appointment of Turner C. Trippe, formerly treasurer of the Atlanta Trust Company, Atlanta, Ga., as manager of its Atlanta office. Before entering the banking field, Mr. Trippe was fortunate in securing a very valuable business training being for some time identified with the wholesale and jobbing drug business. In his later affiliation with the house of Robinson Humphrey Company he engaged in the buying and selling of municipal bonds and secured an

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excellent foundation in this branch of the bond business, through his work in investigating the legal phases of municipal issues. He became manager of the bond de-



TURNER TRIPPE

Who has been appointed manager of the Atlanta office of the Equitable Trust Company of New York

partment of the Hillyer Trust Company, (now the Atlanta Trust Company), in 1911. He later was made trust officer and subsequently treasurer, being largely in-

strumental in increasing the capital of the the Atlanta Trust Company from \$500,000 to \$1,000,000.

Resigning as treasurer during the early part of 1920, Mr. Trippe shortly afterward became associated with the Equitable Trust Company of New York. Mr. Trippe was born in Atlanta and has been engaged in business there continuously since 1900.

INVESTMENT BANKERS ANNUAL CONVENTION

The tenth annual convention of the Investment Bankers Association of America will convene in New Orleans, La., October 31, November 1 and 2. The St. Charles Hotel has been selected as the official headquarters.

The New Orleans members of the association are planning a very attractive program of entertainment. Secretary Fenton advises that already quite a few reservations have been made for the fall meeting. It is expected that about eight hundred will be in attendance at the meeting.

CALCASIEU NATIONAL BANK

The Calcasieu National Bank of South, west Louisiana, Lake Charles, La., showed total resources on April 28, 1921 of \$14,186,013.66 and deposits of \$9,240,16.58. On the statement folder issued by this bank there is a map in colors of Southwest Louisiana, showing the location of the nine offices of the bank in Lake Charles, Lake Arthur, Oakdale, Jennings, Kinder, De Quincy, Welsh, Vinton and Sulphur. Frank Roberts is president of this bank and E. N. Hazzard is cashier.

BALTIMORE BANK LOANS

Last year the financial organizations operating in Baltimore, Md., under state charters loaned more than \$30,000,000 for

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Richmond, Virginia



The Old First—Established in 1865

Capital and Surplus . . . \$3,500,000
Resources 38,000,000

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S. P. RYLAND Vice-President
S. E. BATES, Jr. Vice-President
JAMES M. BALL, Jr. Cashier
THOS. W. PURCELL Trust Officer

ALWAYS a leader in the promotion of industrial and commercial enterprises of the South, and exceptionally well qualified to handle the accounts of banks, corporations and individuals.

Baltimore building operations. A report made public by the state bank commissioner presents the figures and shows to what extent the savings banks and trust companies were interested. The exact amount loaned last year was \$30,422,921, an increase of \$8,247,322 over 1919. Of 1920's total the savings banks advanced \$25,589,949, an increase of \$6,460,759 over the previous year.

State bank and trust company mortgage loans amounted to \$4,832,972, or \$1,786,171 in excess of 1919. Since 1910 the loans of state banks and trust companies in Baltimore have more than tripled.

LOUISIANA BANKERS ELECT

Officers elected at the recent convention of the Louisiana Bankers Association were as follows:

Eugene Cazedessus of Baton Rouge, president; W. S. Craig of Tallulah, vice-president; W. J. Mitchell of New Orleans, treasurer, and John T. Barry of Lafayette, secretary.

The following committees were named at the concluding session, to serve during the coming year:

Executive Council—L. O. Broussard, Abbeville, chairman; C. G. Rives, New Orleans; S. A. Knapp, Lake Charles; R. H. Miller, Minden; F. W. Ellsworth, New Orleans; J. W. Watson, Natchitoches; H. F. Madison, Bastrop.

Legislative Committee—E. T. Merrick, New Orleans, chairman; R. N. Sims, New Orleans; L. Bounachaud, New Roads; W. L. Young, Shreveport.

Agricultural Committee—R. O. Young, Lafayette, chairman; C. C. Gaspard, New Orleans; T. E. Flournoy, Monroe; R. A. Kent, Amite; W. E. Lawson, Crowley.

Members A. B. A. were elected as follows:

Tentative member executive council of A. B. A., in case 300 members from Louisiana are enrolled, Ben Johnson; vice-president from Louisiana, Arthur Kahn; member nominating committee, Joseph Gottlieb; alternate member nominating committee, Travis Oliver; vice-president, trust company section. C. G. Rives; vice-president, savings bank section, F. E. Gunter; vice-president, national bank section, Andrew Querbes.



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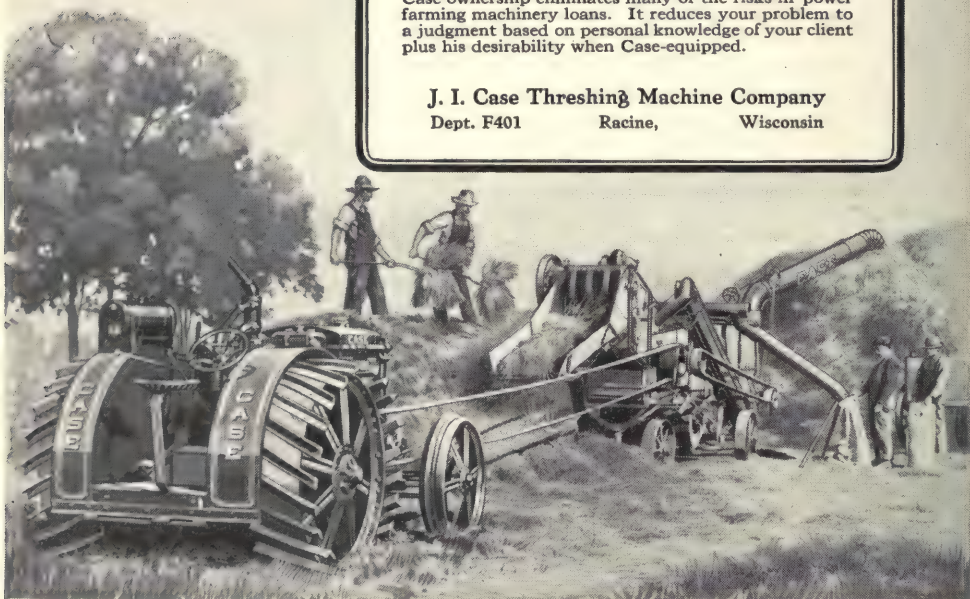
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ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

FINANCIAL conditions in the seventh Federal Reserve District have improved in the last month, but not to such an extent as would seem to be indicated by the easing of money rates. The Federal Reserve Bank has reduced its rediscount rate on commercial paper from 7 to 6½ per cent., but this action evidently was taken in pursuance of the new policy of the Treasury Department, working through the Federal Reserve Board, and not because of conditions within the district itself. Similarly the rate on commercial paper has declined from 8 per cent. to a range of 7¼ to 7¾ per cent. under the influence of the lowering of rates in Eastern centers and not because lendable funds are any more abundant in this territory than they were a month or so ago.

This district, in common with the others of the system, has profited from the large importations of gold since the first of the year and the substantial rise in reserve ratios; but actual loan liquidation is still very slow and has advanced little since the setback which occurred in March and early April because of the heavy income tax payments and the seasonal settlements in the agricultural regions. Improvement is probably more noticeable in the retirement of Federal Reserve Notes than in any other respect; but even here there is still a long distance to go before conditions can be regarded as satisfactory.

Opinions among bankers differ as to the wisdom of the change of Reserve Board policy and its effect. It had been the general expectation that the rediscount rates of the Reserve Banks would be maintained until the open market rates had adjusted themselves to lower levels as the result of the liquidation of loans and a material reduction in rediscounts and that the Reserve Bank rates would follow the open market rates downward. Such a policy was endorsed by many of the leading bankers of the section. It seems, however, that the order is to be reversed in the method of

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readjustment now being followed, and that the reserve bank rates are to be kept lower than the open market rates and lead the downward course.

Those who approve of this method accept the theory that lower interest rates will stimulate business and hasten liquidation of old loans, while a revival of inflation can be avoided by proper checks on expansion applied by the individual banks. Those who criticize say the trouble with the financial situation all along has not been lack of lendable funds, but impairment of the credit basis of borrowers, and that until liquidation has been thorough and many commercial slates have been cleaned any measure that tends toward a renewal of

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He Develops

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He Protects

—carefully guards funds in his care with prompt provision against every preventable loss of any nature—

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By request of many bankers, for years the head of this company, Mr. C. B. Chadwick, has worked ceaselessly for better protection of checks for banks and their depositors. He perfected "safety inted checks" that enabled bankers to provide a form of protection considered excellent.

Still he sought to improve, until finally perfection might be achieved in a paper so safe that it could be economically insured for universal use.

And now, as the crowning achievement in check manufacture, bankers are enabled to supply their depositors the ultimate in check protection—super safety—backed by individual bonds of the American Guaranty Company.

The Bankers Supply Company

The Largest Manufacturers of Bank Checks in the World

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CHICAGO
DES MOINES

DENVER
SAN FRANCISCO

In many cities there have many years sharp attorneys their piles out of bankruptcy cases. That they are still operating eagerly for the promised business failures needs no proof.

In a certain metropolis there at whom I shall call Black, White, Brown and Blue, had offices in the building; and three of them, the firms were ostensibly separate and used the same telephone number. Tensions from the same avenue entered to bankrupts, and it was which was first approached by a date merchant.

Late one afternoon a shoe man was operating a number of stores in the office of Lawyer White. He told his troubles. Illness and speculation had ruined him. He couldn't pay out. What was White soothed the distraught man, promised him better. He hoped for, and sent him an exact list of all creditors and of their claims.

"Good!" said Lawyer White. "Go back to your business, though nothing bad will happen to you. I'll no longer be there." The shoe man was immediately walked to the list of creditors. Black surveyed it. He was for the business of large and the small.

"Get busy at it," he said. "You know me, Mr. Black, and I have passed some money. I am solvent, merchant, comparing it with some. He made a few notes. To an affiliated attorney's center where the shoe counts Black wrote about it.

"We have information that shoe dealer of this city, is about petition in bankruptcy. Your city are listed below, with of their claims. As we already a number of the other creditors, you would assemble the claim as your city is concerned."

These attorneys in the out and visited the creditors. Approaching the credit point-blank, "Are you interested in South & Co. of Noville?"

"I should say we are!" "Well, I have a tip they're up. How about handling have a man out there of the claims anyhow. I got out of it in that. The creditors have sentations to these immediately sent them. So this clique of either side, got the creditors in their

Skinner

Lawyer White delay and threw his Black appeared next many graces placed of imaginary reasons of a receiver. The court, ing, granted the request, immediately recommended third member of the clique for the place. The appointment and confirmed. The on the court order he turned about and Brown, the fourth hit conspiracy, attorney for It happens that the receiver in bankruptcy check upon the amount the receiver's attorney's choice of Mr. Brown.

But the cream began. The time trustee was now at of course, held the all the creditors, and Lawyer Blue, the syndicate, for this the fees of trustees law, whereas no pay of an attorney accordingly Lawyer appropriated by chao

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expansion will only defer the readjustment of the country's finances and business on a safe and permanent foundation.

Business in most lines is fairly satisfactory. Wholesale orders show a gain over the earlier months of the year, but there is still noticeable a disposition on the part of merchants to be cautious about distant commitments. As a result they are buying often, in small quantities and mostly for immediate delivery. The trend of prices, especially of textiles, is still downward, but the markets as a rule are more steady and conditions are more conducive to a return of confidence on the part of buyers. Important fall lines of cotton and woollens have been opened at material reductions and offerings are meeting with a good response. In some of these the stabilizing process has been hastened by evidences of a shortage of supplies.

Retail trade compares favorable with that at the corresponding time last year in the centers of population, but in the rural districts is not so active. Reductions of prices to consumers are still far behind the downward revision that has taken place in raw materials and primary markets, and this fact continues to operate as a deterrent, making buyers more careful and less inclined to supply any but urgent needs. This is particularly true in household furnishings, in which readjustment has been much slower than in some other lines, and in this department there is the additional unfavorable factor of the extremely low rate of new building. Women's apparel and dress fabrics are moving much better than men's clothing, the element of style being important in keeping up activity in the former.

Prices of farm products have continued to decline, reaching in some cases the lowest levels in seven years and nearly all are now on a pre-war basis. The drop has been accompanied, especially in the case of wheat, by an increased movement from farm to market. This month there has been a reaction, due to a good export demand and moderate stocks at terminal centers and prices have made some recovery under the leadership of wheat. The increased selling of grain has helped along loan liquidation, but not to such an extent as had been hoped, as the prices realized have been so low that little was left beyond the immediate needs of producers.

It is encouraging to note that despite the drastic shrinkage in values of farm products farmers are disposed to increase rather than diminish their acreage this



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The Woodlawn Trust & Savings Bank
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The strength of Chicago's outlying banks is evidenced by the unusual number and quality of the new bank buildings erected during the past year. The accompanying illustration is typical of the many structures designed and built by the Weary and Alford Company.

WEARY AND ALFORD COMPANY

Bank and Office Buildings

1732 South Michigan Boulevard, Chicago

year, realizing that greater effort and labor will be required to offset the drop in prices. Weather conditions have been favorable for growing crops and the strength of the outlook for the season's harvests is one of the most important favorable elements in the business situation of the central West. The idea of checking the economic tide by withholding commodities from market seems to have been given its quietus and while the experience has been costly to the agricultural interests the thoroughness of deflation in this field probably will make for more sure and rapid recovery when the tide turns.

Strikes and lockouts have added materially to the total of unemployed but except in the building trades the situation has not developed any serious phase. Some 10,000 men were out for a week in the printing trades, but their dispute was settled by arbitration on the basis of a reduction of the number of hours work per week from 48 to 44 and a reduction in the wage scale. A strike at the stockyards was broken without having had any effect on meat distribution or prices. In the building industry conditions are still about as bad as they can be. Construction work is virtually at a standstill and little headway is being made toward an ending of the lockout. It is hoped that the outcome may be a breaking up of the tripartite combination of labor unions, contractors and material men, and a return of independent action in all three branches of the industry; but this is not yet assured, and in any event the costly delay will make it hard to accomplish much this year for the relief of the serious housing situation. Meanwhile rents are being advanced to almost prohibitive figures, and the great increase in this item of living costs is making more difficult or blocking altogether in many industries a solution of labor problems on the basis of lower cost.

Steel and iron prices are more stable since the reduction of quotations by the principal producer, but buying has not increased perceptibly. Structural materials are in very limited demand and the projects that are going ahead at all call for small tonnages. The railroads are buying little except for necessary track maintenance. Automobile makers are taking more steel, the oil industry affords a fair outlet for pipe and tank materials, and road and culvert work is using up a considerable quantity, but even with these favorable factors the demand is sufficient only for steel mill operations at the rate of 25 to 50 per cent. of capacity, the larger part of the

new business going to the independent plants.

Investment demand is much better than might be expected from the adverse conditions prevailing in many departments of business and new security issues of high merit and yield are absorbed readily. The effect of unemployment continues to have a noticeable effect on savings deposits, but the decrease is slight, and is almost offset by gains in some localities where there has been industrial revival.



CONVENTION DATES

American Institute of Banking at Minneapolis, July 19-22.

Ohio at Cleveland, July 13-15.

Illinois at Chicago, June 9-10.

Michigan at Detroit, June 6-7.

Wisconsin at Milwaukee, June 15-16.

Minnesota at Minneapolis, June 23-24.

Iowa at Des Moines, June 7-8.

FRENCH REPUBLIC HONORS JAMES B. FORGAN

James B. Forgan, chairman of the board of directors of the First National Bank of Chicago, Ill., has been informed by M. de Fontnouvelle, French Consul in Chicago, that the president of France has conferred upon him the Cross of an officer of the Legion d'Honneur. A translation of the official communication reads as follows:

The French Ambassador at Washington has just informed me that the President of the French Republic has conferred upon you the Cross of an Officer of the Legion d'Honneur.

I beg you to accept my sincere and earnest congratulations on the conferring of this honor, by means of which my Government has wished to recognize the great services which you rendered the French cause.

The Cross of the Officer which is intended for you has been sent to me by the French Ambassador, and I shall be happy to hand it over to you personally, either here at the Consulate if it will be convenient for you to step in some day between the hours of ten and one, or if you prefer I can bring it to your residence or to your office.

I shall not fail to transmit to you the diploma for your decoration which the Minister of Foreign Affairs at Paris will send to me later.

Please accept, Mr. President, together with expressions of my profound gratitude for what you have done for my country, the assurances of my highest personal esteem.

During the war, Mr. Forgan was actively interested in doing everything possible to aid the Allies and this country by giving great assistance in settling the many difficult financial problems which presented themselves during the war, and he was also

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Based upon our experience in marketing \$30,000,000 of coal securities in the past ten years we offer mine owners, banks, trust companies and others our services—

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With the experienced counsel of our operating and sales departments, we determine or develop merchantable possibilities, advise as to financing methods or finance for our own account or others. Our complete plan of financing, operating and selling is described in illustrated book, sent to owners or executives if requested on business stationery.

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untiring in his efforts to help relieve the sufferers of Europe.

NEW VICE-PRESIDENT OF LIBERTY CENTRAL TRUST COMPANY

According to a recent announcement by J. L. Johnston, president of the Liberty Central Trust Company, St. Louis, Mo., W. C. Connett of the law firm of Connett & Currier has just been elected vice-president of the company and will assume active

duties at once. Mr. Connett has been engaged in the practice of law since 1901, and some four years ago was Democratic nominee for mayor of St. Louis.

He is well known in athletic circles, having held the State Tennis Championship for three years, as well as having refereed football games in and around St. Louis for more than fifteen years.

Mr. Connett is president of the City



W. C. CONNETT

Who has been elected vice-president of the Liberty Central Trust Company of St. Louis

Dairies Company. He is also secretary and a member of the board of directors of the Potosi Tie and Lumber Company, the Concordia Tie and Lumber Company and the G. R. Schmidt Woolen Mills Company, all of St. Louis. He attended St. Louis Law School and the University of Virginia, and is a member of the Missouri Athletic Association and the Triple A Club, having recently served as president of the former organization.

ACCOUNT-A-WEEK CLUB ORGAN- IZED AT CLEVELAND

Employees of the Guardian Savings and Trust Company, Cleveland, Ohio, in their Account-a-Week Club have obtained 6,363

Buying and Selling

orders for Liberty Loan Bonds and Victory Notes promptly executed.

Nominal market quotations on Liberty Bonds are furnished daily upon request.

Correspondent banks are invited to use this service.

General Banking Trust Service Investments
Foreign Department

The NATIONAL CITY BANK of CHICAGO

DAVID R. FORGAN, *President*

Bond Department
R. U. LANSING, Vice President & Manager

Banks and Bankers Department
F. A. CRANDALL, Vice President

new savings accounts, with initial deposits of \$2,708,928, since the inauguration of the club last October, reported Vice-President A. D. Fraser at the end of April. "And the best part of it is that the contest goes on," he added.

Of these accounts 4,754, with deposits of \$2,316,690, were obtained for the main office and 1,609, with deposits of \$392,238, for the six branches.

In order to qualify as a member of the Account-a-Week Club an employee must obtain at least four accounts within each calendar month.

Continued membership is contingent upon obtaining four or more accounts each succeeding month. Should an employee forfeit his membership he can reinstate himself by securing four accounts any succeeding month.

Each member is given a silver emblem, which he must surrender upon failure to comply with these requirements. Any employee maintaining membership for twelve consecutive months will be given a gold emblem, which he may retain permanently.

Accounts to qualify must be \$5 or over and remain open for at least 60 days. Every three months small cash prizes are

given members for securing accounts, and on October 1 a prize of \$50 will be awarded to the employee who has during the year obtained the largest number of accounts. A like prize will be presented to the member holding a gold button who has secured the most accounts. Second, third and fourth prizes will also be awarded.

NEGRO BANK CHARTERED

The first national bank to be controlled by negroes—the Douglass National Bank of Chicago—has opened for business April 28. Only one white man, the chairman of the board of directors, is connected with the bank in any capacity.

Stock in the institution, which opens with \$200,000 in capital and \$50,000 in surplus, is to be sold exclusively to Chicago negroes.

LIVE STOCK EXCHANGE NATIONAL BANK

The statement of condition of the Live Stock Exchange National Bank of Chicago, Ill., at the close of business April 28, 1921, showed resources of \$21,041,329.59; surplus, \$1,000,000; undivided profits, \$279,491.24 and deposits, \$13,629,413.98.

The Standard American Reference Book on International Banking

The *International Banking Directory*, the first American directory to be published entirely in the interest of international banking, is now ready for distribution.

The intention of the publishers is to make it the standard reference work for American banks interested in foreign business and for foreign banks using American banking connections.

Banks and bankers of the United States and abroad will find this book of real value to them in connection with international business. Some of the special features included in it are listed below.

The American Banker will find :

Information about the banks in all countries with locations of their many branches listed alphabetically by cities and towns.

Lately revised maps of all countries and geographical divisions.

A large amount of economic information about each country.

Much financial and general information of value to banks interested in international business.

The Banker Abroad will find :

The most complete select list of American banks he has seen in any international directory.

Lists of principal correspondents of a large number of American banks, enabling him to trace banking connections within the United States.

Valuable financial and economic information with regard to the United States.

Maps of the United States and of the Federal Reserve Banking System with interesting information regarding the latter.

The book is 7 x 10 inches, strongly and handsomely bound in red cloth and contains 527 pages, exclusive of maps and inserts, completely indexed.

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What may we do for you?

The National Bank of Commerce

IN ST. LOUIS

Capital, Surplus and Profits, more than \$15,000,000.00

BROTHERHOOD BANK HAS OVER SEVEN MILLION ASSETS

The Brotherhood of Locomotive Engineers Cooperative National Bank of Cleveland in its statement of condition as of April 28, 1921 shows total assets of \$7,000,297.51. The complete condensed statement follows:

RESOURCES

Loans and discounts	\$2,020,593.57
U. S. bonds and other securities	3,126,777.74
Redemption fund with U. S. Treas.	10,000.00
Customers' liability on acceptances	377,042.45
Banking house, furniture and fixtures	86,500.20
Cash on hand and due from banks	630,153.15
Other assets	149,330.40
	<hr/>
	\$7,000,297.51

LIABILITIES

Capital	\$1,000,000.00
Surplus	100,000.00
Interest and discount	129,581.71
Reserve for interest	4,860.91
Outstanding circulating notes	300,000.00
Acceptances executed for customers	377,042.45
Rediscouunts and bills payable	None
Bonds borrowed	650,000.00
Deposits—	
Commercial	\$1,267,812.22
Savings	3,171,000.22
	<hr/>
	\$7,000,297.51

JEFFERSON PARK NATIONAL BANK

The Jefferson Park National Bank, 4815 Milwaukee avenue, Chicago, Ill., has increased its capital from \$50,000 to \$200,000 and the surplus from \$25,000 to \$40,000. The new stock was sold to stockholders at par and to the public at 140. At the last call the bank reported resources of \$1,590,000.

WARNS AGAINST POOR INVESTMENT

M. V. Henderson, Jr., superintendent of the Department of Banking of the State of Iowa, has sent out the following letter to the banks under his supervision:

My attention has been called to a certain firm in Chicago, who has been covering the State with their men trying to induce our bankers to purchase so-called commercial paper. They are willing to give a very liberal discount and usually offer to accept in payment the bank's certificate of deposit due thirty days after the notes offered are due. This, of course, you understand is used for the purpose of making a sale of the paper. In my opinion it is a poor investment.

Another company in Chicago has bond salesmen out urging our banks to dispose of their Liberty Bonds and purchase from them other securities and bonds at about the same dis-

count which they were offered to take for their Liberty Bonds but drawing eight per cent. interest. This is not a good trade on account of the securities being questionable.

Another matter which I have had in mind for some time is the securing of signed statements from borrowers. I urge each bank to secure a statement from all borrowers who are indebted to you to the amount of \$1,000 or more, keeping it on file in your bank for the benefit of our examiners and your board of directors. This plan will enable you to keep a check on customers who borrow at several banks.

I also wish to call your attention to the fact that we find many errors on the part of printers in publishing called statements, which make it necessary to require republication. If you will require the publisher to furnish you proof before publication, it will save trouble and expense.

FIRST NATIONAL BANK OF LOGANSPORT

The statement of the First National Bank of Logansport, Indiana at April 28, 1921 showed total resources of \$3,077,266.32, surplus and undivided profits, \$136,945.38 and deposits, \$2,431,603.57.

LIBERTY CENTRAL TRUST COM- PANY ESTABLISHES STATISTI- CAL DEPARTMENT

Andrew Linn Bostwick, recently connected with the research department of the Simmons Hardware Company, has just assumed active duties as statistician of the Liberty Central Trust Company of St. Louis, Mo.

The newly organized department will centralize and standardize the work of collecting, compiling, analyzing and reducing to the simplest terms the mass of information now rarely utilized, relating directly or indirectly to banking problems. This work will enable the trust company to render special service to its customers in advising them and keeping them posted in regard to the general and local conditions affecting particular industries and municipalities.

The larger banks of New York and some of the Eastern cities have found it advisable to maintain such departments. The idea is a comparatively new one in St. Louis, there being but only one bank that has a statistical department in operation at the present time. The new department will also establish a specialized library for the convenience of the officers, employees and customers of the institution.

Mr. Bostwick has spent many years in statistical work. Through his connection with the Simmons Hardware Company, Mr. Bostwick was closely identified with A. W. Douglas, chairman of the committee of statistics and standards of the Chamber of

Commerce of the United States. Mr. Douglas is widely known as an authority on business conditions and conducts a regular department in *Nation's Business*. During 1911-1916 he was in charge of the municipal reference division of the Public library. During 1917 he was secretary of



A. L. BOSTWICK

Has just assumed duties as statistician of the Liberty Central Trust Company of St. Louis

of the city plan commission and during the war acted as assistant to the business manager of the Allies Purchasing Commission, War Industries Board. He was also recently president of the special libraries association composed of heads of business and technical libraries.

He is the son of A. E. Bostwick, librarian of the Public Library, a graduate of Yale and a member of the City Club.

JOHN R. MITCHELL

The Capital National Bank and the Capital Trust and Savings Bank of Saint Paul, Minnesota, announce the retirement of John R. Mitchell as an officer and director of these institutions, by reason of

his appointment as a member of the Federal Reserve Board.

NORTHWESTERN NATIONAL BANK AND MINNESOTA LOAN AND TRUST COMPANY

The statement as of April 28, 1921 of the Northwestern National Bank and the Minnesota Loan & Trust Company of Minneapolis, Minn., showed combined resources of \$68,595,649.02. The resources of the former are \$58,939,620.98, surplus and undivided profits, \$3,523,564.58 and deposits, \$43,332,885.41. The resources of the latter institution are \$9,656,028.04, surplus and undivided profits, \$1,03,615.98 and deposits, \$7,555,790.54.

CONDITION OF IOWA BANKS

The statement of condition of Iowa savings banks, state banks and trust companies showed total resources on March 22, 1921, \$764,414,074.56 which is a decrease from the statement of December 31, 1920 of \$16,573,322.62. Deposits at the recent call were \$586,079,164.88, a decrease of \$11,839,540.43 compared with the December 31, 1920, call,

J. W. PERRY

J. W. Perry, president of the Commerce Trust Company, of Kansas City, Mo., sailed May 12 for Europe, where he will spend a few weeks with his family, returning to Kansas City about the middle of July. His plans contemplate a visit to London, Paris, Naples, Rome, Florence, Venice, Milan, and other points.

M. E. HOLDERNESS

M. E. Holderness, vice-president of the First National Bank in St. Louis, Mo., has been elected vice-president from Missouri for the National Bank division of the American Bankers Association by representatives of members of the association which met in St. Louis during the thirty-first annual convention of the Missouri Bankers Association on May 17. Mr. Holderness is also a member of the public relations commission of the association, and has attended every session since the commission was instituted.



Out in the Northwest

A BANK with resources
of over \$100,000,000

—the leading financial institution of its section—
the logical clearing point
for business intended for
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Minneapolis

Capital and Surplus Ten Million Dollars



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Benefits the customer:

The plainly printed figures of the amount on the receipt show that she has not been overcharged. She likes to buy in a store of this kind.

Helps the clerk:

It proves that he registered the right amount. The added and printed records inside the register give the clerk credit for the sale.

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He knows that to get the proper amount printed on the receipt, correct added and printed records must be made inside the register.

A National Cash Register is the only machine that prints and issues this kind of a receipt.

WE THANK YOU FOR YOUR PATRONAGE PLEASE CALL AGAIN			
★A	-1.00	-0001	JUN 15-21
Reg.	Amount		Date
Brown & Stevens General Merchandise			
This receipt shows the amount of your purchase			

The register prints a record of the sale on the receipt. The star shows it was a cash sale. "A" is the clerk's initial. The amount is \$1.00. It was the first sale on June 15, 1921. The register also prints an advertisement of the merchant's store on the front and back of the receipt.

We make cash registers for every line of business. Priced \$75 and up.

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ECONOMIC CONDITIONS IN THE WESTERN STATES

By SAMUEL SOSLAND

PATIENCE and determination are the most favorable influences in the business of the Western States as the new harvest season approaches. The outlook for the harvests, which normally impart stamina to all lines of trade in this territory, is also encouraging, but that may be attributed to the fine spirit of patience and determination that stands out in the West. Farmers, stockmen, industrial interests, merchants and bankers are patiently waiting and hoping for a revival in business. At the same time, though very few signs of betterment appeared the past month, determination to prepare for improved conditions and to contribute toward the elimination of depression was surprisingly general. The activity of farmers in seeding operations emphasized this determination. Business in the West would be far better than now if only the same spirit prevailed in the foreign lands that are really at the bottom of the depression in local grain, live stock, wool, metal and other markets.

Now that cutting of the 1921 wheat crop is about to start in the Western States, notably the Southern tier producing winter wheat, it is well to turn to the evidence farmers furnish of their rapid progress in reducing crop costs to conform with the radical changes in price levels on markets. Great surprise is really manifest in banking circles of the West over the smallness of the expansion in loans that has been witnessed this spring in view of the large areas being planted to spring crops. The spring season is normally one of expansion in loans in the farming and live stock regions, as it marks the laying of the foundation for new crops of grain, cotton, forage and meat animals. So frugal have farmers been in spring seeding that the recent statements of banks revealed very small increases and even some decreases in loans as compared with the preceding figures of February. Banks of Kansas City, for example, showed a decrease of about \$500,000 in loans, compared with an increase of

more than \$8,000,000 in the corresponding period a year ago. Their deposits fell off only about \$8,000,000, against \$40,000,000 in the same time in 1920. The explanation, bankers agree, is to be found in the great economy being practiced by farmers and stockmen, together with the restraints put on borrowers by the tightness of money. When the harvests are gathered, the fact that expenses were sharply reduced in making the crops will tell in business even with the lower prices.

As a result of the cautious use of credit, money is not so tight today in the Western States as anticipated. Another reason for this is the reduced demand from mercantile interests, owing to the dullness of general trade. Little likelihood of any reduction in discount rates is seen in this section, however, in the face of the cuts made by the Boston, New York, Atlanta and Chicago Federal Reserve banks. Kansas City continues the progressive system, with a basic rate of 6 per cent. that is making a smaller average cost of discounts than New York's new 6½ per cent. rate. The Minneapolis and Dallas Federal Reserve banks are still adhering to the 7 per cent. rate at this writing. When the new crop movement begins in a few weeks, this territory will have to expand loans even with the greatly reduced prices. Some bankers think the Federal Reserve banks of this territory have not yet improved their position sufficiently to be well prepared to aid in financing the movement, but it is presumed that assistance will be forthcoming from other Federal Reserve banks.

Sufficient time has hardly elapsed to enable the Western States to profit from the reduced discount rates in the four districts where changes were made, but the influence of these revisions to date is disappointing. In other words, the millers who have sold limited quantities of flour to the East on account of tightness of money in that section say that their trade has not yet been encouraged to purchase more liberally by the Federal Reserve bank rate reductions. The experience of millers is similar to that of other interests who feel that easier money in the East would benefit

their outlets in that section. Some are, therefore, wondering if the discount rate cuts were not somewhat premature. Many business men and bankers assert that the changed rates are hardly likely to wield a powerful influence on business owing to the fact that improvement is dependent on larger buying by Europe. The opinion is even expressed that the piling up of foreign gold in this country, together with the effect it has already had on discount rates, tends to bring about at least slight inflation again or to maintain prices in the United States at levels out of balance with foreign lands to the disadvantage of export business.

Lack of moisture is often a disturbing influence at this season, but farmers are reporting ample precipitation. However, there is scattered complaint of abnormally cold weather. The spring has been too cool just as the winter was abnormally mild. The crop outlook is still favorable, unusually so, in fact, but it would be more encouraging to farmers if seasonal temperatures prevailed. Warmth is needed for wheat and for oats and the newly planted fields of corn. Alfalfa would also thrive better with warmer weather. The first crop of this hay in Kansas and Oklahoma was virtually destroyed by cold weather, but, with the great abundance of hay of the 1920 crop, this is not a disturbing loss.

Slight improvement in prices of grain the past month helped sentiment, but the gains were not sufficient to bring an appreciable increase in the purchasing power of farmers. Export demand for wheat was stimulated by the rising foreign exchange rates and foreigners bought the bread grain for delivery as late as next August. This is heartening for it means that sales already have been made of new crop wheat that is yet to be matured and harvested. On the other hand, millers at Minneapolis and at Kansas City and other points are operating at hardly one-third capacity, owing to the disappointing domestic demand for flour. Europe is a good buyer of flour. Corn and oats are moving in light volume, but the big market stocks are a damper on prices. The fact that May deliveries of wheat on future contracts were practically nil and smaller than expected in the case of corn and oats proved helpful to prices.

Live stock breeders and feeders are finding market prices practically the same as a month ago. There has been a little improvement in cattle and sheep, while hogs declined. In the Southern States range

conditions have been good, but Colorado and other more Northern areas have complained of the unfavorable influence of a cold spring. A little hope has been engendered by the appearance of some export orders for live cattle and sheep to go to Europe, while packers have commented in a more encouraging tone on the state of trade in provisions in export channels. But the domestic demand shows little or no improvement, still being under the weight of the growing unemployment of labor and the persistence of retailers in failing to reduce prices to a basis of developments in the live stock industry is the estimate that about 7,000 carloads of cattle have been moved from ranges to the Kansas and Oklahoma summer pastures for grazing, an increase of about 25 per cent. over a year ago. This movement is largely in first hands and reflects the powerful influence of bankers in stimulating early maturity of range cattle in order to effect liquidation. If the Kansas and Oklahoma grazing operations had depended, as in past years, on stockmen specializing in grass-beef making in these States, then a great decrease would have been recorded, for the operators of past years lost too much money in 1920 to re-enter the business on a normal scale. It is noticeable that buying of stockers and feeders in the cattle market and other live stock transactions are still feeling the tightness of money and the contraction in the purchase of live stock paper by the East, but producers are taking a different view of this situation. They now see quite generally that credit restriction in a measure is necessary to maintain production in line with the reduced consumption. Not a few are now asking how much sharper the declines in live stock prices in recent months would have been if they had succeeded in obtaining all the loans sought for beef and mutton making. Extreme disappointment continues in wool.

If the oil industry depended upon production alone for its success, it would now be making a happier contribution to the prosperity of the Western States. Drillers have been faring well in bringing in new wells. But another decline has been recorded in crude, which is now down to \$1.50 a barrel, compared with \$3.50 a few months ago. The market is still weak, and producers begin to see the need for curtailing production and are nervous over the possibility of further declines in prices. Gasoline is feeling the effect of the spirit of economy in the West.

Lumber mills are reporting production closer to normal than at any other time

The Omaha National Bank

OMAHA, NEBRASKA

Established 1866

Capital \$1,000,000
Surplus (Earned) \$1,000,000
Total Resources (Over) . \$30,000,000

Joseph H. Millard, Chairman of the Board

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The result of years of effort to improve service to correspondent banks

in months, but there is little or no strength in prices, which are at a new low post-war level. The principal demand for lumber is coming from contractors, erecting new dwellings. Railroads are out of the market, with very few exceptions, although normally they are the largest single buyers.

Mining interests are still experiencing stagnation. The copper mines are most idle, and labor in the mining areas, together with the merchants who depend on them for trade, are reporting just the reverse of prosperity. They are as depressed as any class in the country.

In cities, towns and in hamlets there is passing a mercantile trade that is restricted largely to absolute necessities. The West is becoming more and more averse to paying prices for what it needs that have not undergone the deflation recorded in the prices of the products it produces and sells. There is hardly a strike in this connection, for a farmer cannot buy on the basis of \$2.50 wheat when he is getting only \$1.10, and a sheepman cannot spend on the basis of 70 cents a pound for wool when he is having a hard time making a sale at 20 cents. A healthier relationship must come.

CONVENTION DATES

North Dakota at Grand Forks, June 29-30.
 Nebraska at Omaha, June 15-16.
 Montana at Helena, August 5-6.
 New Mexico at Santa Fe, September 9-10.
 South Dakota at Yankton, June 21-22.

R. P. BREWER ELECTED PRESIDENT OF TULSA BANK

R. P. Brewer, vice-president of the Commerce Trust Company of Kansas City, Mo., was elected president of the Exchange National Bank of Tulsa, Okla., May 19, succeeding Earl W. Sinclair, who goes to New York as president of the Sinclair Oil Corporation.

Mr. Brewer came to Kansas City in 1917 as vice-president of the National Bank of Commerce. At that time he was an officer or director of twenty-five banks in Oklahoma. For ten years previous he had been actively engaged in banking as cashier and president of the First National Bank of McAllister, Oklahoma. He was born in Muskogee, the son of a Methodist minister.

First Bank to Incorporate in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,222,588.03
Total Resources 20,047,726.81C. H. Cooke, *President*
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Frank Crawford, *3d V-P.* R. McCorriston, *Cashier***Branch Banks:**—Lihue, *Island of Kauai*;
Waipahu, *Island of Oahu*; Waialua, *Island of Oahu*; Kapaa, *Island of Kauai*.

Prompt handling of collections through close connections on each of the islands in the Territory.

He is forty-five years old. After being graduated from the Southwestern University of Texas at the age of nineteen, Mr. Brewer organized the First National Bank of Checota, Okla., and later the First National Bank of Quinton. The Exchange National of Tulsa is known as the "Oil Bank of America" from the fact that its officers and directors are men of wide experience in oil banking and Brewer has been associated with them in many of the largest oil financing operations in the Mid-Continent field. But still more important to the bank is the fact that Mr. Brewer is thoroughly grounded in industrial and agricultural financing.

W. T. Kemper, chairman of the board of the Commerce Trust Company said: "We have said everything we can say to Mr. Brewer in an effort to keep him with us in our organization. On no less than three previous occasions when he has had very flattering offers from Eastern banks, we have prevailed on him to remain, but when his home state called it seemed he couldn't resist, and he is going to Tulsa to head the largest bank in the Southwest, outside of Kansas City. Aside from the fact that he has brought more Oklahoma banking business to Kansas City than any other banker in town, he has also made more Oklahoma friends for Kansas City. There is scarcely a town in that state where Mr. Brewer has not one or more personal friends. And when Oklahomans, either white men or Indians, come to Kansas City, the first fellow they look up is their friend, 'Bob'. He goes back to Oklahoma with our best wishes and leaving us a promise to come back often."

"Tulsa and Kansas City are so closely

related in business interests," said Mr. Brewer, "that I feel like I am merely moving from one street to another. Neither of these cities can be separated from the interests of the Southwest and neither of them needs an emissary to the other.

"It would be surprising to many people of both cities to know how large are the interests of Kansas City men in Tulsa enterprises and vice versa. The two towns have worked together in a vast number of the biggest things each town has done. I believe that more stock is held by Tulsa in Kansas City concerns than in any other outside city. Of course I shall retain my interests here, and probably spend considerable time in Kansas City. My four years here have been happy because I have formed many close friendships and unless I could come back often, I wouldn't leave."

Mr. Brewer will move to Tulsa with his family about the middle of July.

The board of directors of the Commerce Trust Company sent the following telegram to the officers and directors of the Exchange National Bank:

To the Officers and Directors Exchange National Bank, Tulsa, Oklahoma:

At a meeting of the executive committee of the Commerce Trust Company, held today, R. P. Brewer, vice-president of this bank, presented his resignation to take effect July 15 in order to accept the presidency of your bank which he advised had been tendered him, and accepted. It was with the deepest regret and greatest reluctance that his resignation was accepted and would not have been but for the fact that Mr. Brewer explained that he was not in position to reconsider the matter. His ability, attractive personality and devotion to our interests have not only endeared him to the officers and board of directors of this institution but his executive ability and intimate knowledge of banking problems have been of so much benefit in the management of our business and have contributed in such a large measure to our growth and success as a banking institution that only his own determination to return to Oklahoma and assume the active management of the Exchange National Bank reconciles us to the severing of his official connection with this institution. We feel his leaving will be a distinct loss to Kansas City and the Commerce Trust Company. We however congratulate you on having secured for your great bank the services of a man who has the absolute confidence of our officers and directors and has the ability to respond to every opportunity and responsibility placed upon him.

FIRST NATIONAL, TEKAMAH, NEB.

Reporting to the Comptroller of the Currency, the First National, Tekamah, Neb., submits the following statement of condition under date of April 28: deposits, \$414,417; loans and discounts, \$492,875; cash, etc., \$73,907; capital, \$100,000; surplus and undivided profits, \$25,841; total resources, \$747,009.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska.

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By J. F. DONNELLAN

BUSINESS sentiment has improved within the past month and while there are still many uncertainties to reckon with, together with labor disturbances, notably in shipping and printing industries, increased confidence is being shown in most lines. Most marked is the revival in the lumber business, although building is not keeping pace with it just at present owing to strikes in several of the building trades.

After a period of quiescence the buying movement in canned and dried fruits started in April and it not only has kept up ever since but has recently gained headway. Fruit crops are short but of high quality and the carry-over in many instances is sufficient to maintain a balance. Orchardists of the Northwest claim that they are facing a crisis unless rates for transporting fruits are reduced, and cattlemen and grain men also declare that rates on basic agricultural products must come down if any degree of prosperity is to be enjoyed.

Wool growers of the intermountain country are following a policy of selling their wool early although the price is low. In Utah the first wool sale was held in early May but was hardly satisfactory from a growers' standpoint. The highest bid was 16 $\frac{3}{8}$ cents a pound for wool which is conceded to be the best in the intermountain territory and which sold last year at 72 cents.

Unfavorable weather conditions and heavy frosts have seriously affected the prospect of a heavy crop of raisins, grapes and deciduous fruits in California. The cherry crop will be lighter this year than a year ago with apricots 45 per cent. of normal. Oranges are 92 per cent. of normal with the critical stage for the crop yet to come. About three-fourths of the acreage planted to winter wheat will be harvested for grain.

Arizona is staging a game come-back from a period of temporary depression. As

a matter of fact, conditions in Arizona have not been essentially worse than in many other States, but because of the cotton deflation and a few bank troubles they were more spectacular and found wider publicity. A great step forward has been made in the manner of handling cotton sales. An organization has been completed which will handle every pound of cotton now on hand in the Salt River Valley. The cotton buyers will now be able to buy through a central agency, instead of, as heretofore, being compelled to travel all over the valley examining samples submitted by each grower. The result of this has been simplified buying and the maintenance of a more uniform price. It is variously estimated that the 1921 crop will be from 50 to 60 per cent. of last year. Most of the land not planted to cotton this year will be put into alfalfa. Although there is no question about the future of Arizona cotton, the farmers have learned that the diversification of crops is essential.

Wholesalers report volume of business as showing an increase but constantly decreasing prices in most lines keep retailers buying from hand to mouth to protect themselves against losses. This, of course, will necessitate much stock replenishing when prices finally are stabilized. Retail buying has kept up well notwithstanding the fact that railroads, shipyards and others have been cutting down their working forces and adjusting wages. Liquidations of borrowings are slow.

A period of open and unlimited competition in trans-Pacific trade is seen in the disruption of the Pacific Westbound Conference, composed of all the steamship lines, American and foreign, in the trans-Pacific trade. Considerable rate cutting may be expected, although rates have now reached almost to bedrock and the volume of traffic present may not be considered to warrant taking losses for the sake of what little business is moving.

As in the case of all other banks of the country those of the Coast showed a shrinkage in resources on the bank call of April 28. Deposits in the aggregate were lower than they were 60 days ago, and about 15

per cent. lower as compared with a year ago.



CONVENTION DATES

American Bankers Association at Los Angeles, October 3-8.

National Association of Credit Men at San Francisco, June 14-17.

Washington at Tacoma, June 10-11.

Idaho at Boise, June 14-15.

ANNUAL MEETING OF THE ANGLO-CALIFORNIA TRUST COMPANY

At the annual meeting of the stockholders of the Anglo-California Trust Company, San Francisco, held April 14, President Mortimer Fleishhacker stated that the increase in deposits and resources for the twelve months ending March 31, 1921, was very satisfactory. The deposits increased \$5,771,986 and the resources increased \$5,609,155.38 during the twelve month period. An increase for the year of \$67,988.51 in the surplus and undivided profit account was likewise especially gratifying to the stockholders. The deposits, resources and surplus and undivided profits of the company now stand at \$27,752,936.21, \$33,119,372.64 and \$919,677.79 respectively.

The savings department showed a particularly good increase, a gain during the year of 11,372 new savings accounts, the largest number ever gained in one year by the company. Today the company has more than 57,000 savings and commercial accounts at its main bank and four branches.

President Fleishhacker also announced that because of the marked increase in business in all departments it would again be necessary to enlarge the banking quarters at the main bank, Market and Sansone streets. Plans have been made to transform the entire basement of the building into attractive banking quarters. In addition to this development work, the banking quarters of the Mission branch, Sixteenth and Mission streets, of the company, will be doubled in size and modern equipment will be installed.

The outgoing directors were all re-elected by the stockholders, as follows: George I. Cochran, Herbert Fleishhacker, Mortimer Fleishhacker, Mark L. Gerstle, Charles F. Legee, Gavin McNab, J. J. Mack, Charles C. Moore, Warren R. Porter, William B. Reis, Adolfo Stahl, Louis Sutter, T. C. Tilden, James Tyson, Philip Zimmermann.

At the directors' meeting, following the stockholders' meeting, the outgoing officers were re-elected and in addition five important promotions were made by the election of Louis Sutter and R. D. Brigham to the vice-presidency, Fred V. Vollmer, secretary, Grant Cordrey and Walter Graf assistant cashiers. Mr. Sutter has been in the service of the Anglo-California Trust Company, and its predecessors for nineteen years, and he has held the position of cashier, secretary and treasurer. His new title will be vice-president and cashier.

Mr. Brigham has been with the company for two years and has been assistant vice-president and manager of branches. His new title will be vice-president-manager of branches, and he will have charge of all new business development work.

Mr. Vollmer began his services twenty-six years ago with the predecessors of the Anglo-California Trust Company. He has been assistant vice-president. His new title will be assistant vice-president and secretary. Mr. Cordrey and Mr. Graf, who have been trust officer and assistant secretary and assistant trust officer respectively, were promoted to assistant cashiers.

Both Mr. Cordrey and Mr. Graf have been in the employ of the company for many years, and they will continue in charge of the trust department. With these five changes the official family of the Anglo-California Trust Company is now as follows:

M. Fleishhacker, president; H. Fleishhacker, T. C. Tilden, Charles F. Legee, vice-presidents; Louis Sutter, vice-president and cashier; R. D. Brigham, vice-president and manager of branches; Fred V. Vollmer, assistant vice-president and secretary; C. L. Smith, assistant vice-president; Grant Cordrey, trust officer and assistant cashier; H. Blumenthal, Dario Righetti, Otto C. Schulte, J. M. McCarthy, Elmer G. Lind, C. D. de Iongh, Henry C. Muller, assistant cashiers; Walter Graf, assistant cashier and assistant secretary; F. Engelman, auditor; A. L. McRowe, manager Fillmore branch; V. Redfield, manager Potrero branch; R. Tilton, manager investment department.

BANK OF ITALY, SAN FRANCISCO

Establishment of four additional branches of the Bank of Italy, two in San Francisco, one in Visalia, and one in Sunnyvale, with the assurance that the new head office building will be occupied at the end of June, form the central points of interest in the preparation for revived commer-

cial activity forecast in announcements made by A. P. Giannini, president of the Bank of Italy.

Permission to open a new branch on Polk street, San Francisco, in the heart of a rapidly developing district, has been followed immediately by official sanction from state superintendent of Banks, Charles F. Stern, for a branch in the Mission District, one in Visalia and a fourth in Sunnyvale. No time has been lost by the Bank of Italy in pushing forward the necessary work preliminary to incorporating these units in its statewide banking facilities.

The Mission branch will be opened about July 1, although extensive building changes are required for its accommodation. The territory served by this branch includes a large area of San Francisco, with a population estimated at more than 200,000 people. Seven cages will be provided, a safe deposit vault installed and spacious quarters for clients and officers of the bank.

The bank at Visalia has already started operations, where a merger of the Visalia Savings Bank and Trust Company and the National Bank of Visalia was accomplished to form the new branch. Approximately \$5,000,000 in assets were added to the resources of the Bank of Italy through this consolidation. The same officers and directors, who have been identified with the Visalia banks were retained, with the addition of several members of the staff of the Bank of Italy. The two banks involved in the consolidation were among the best known in that part of California, the National Bank of Visalia being the largest and oldest in Tulare County.

Conversion of the Bank of Sunnyvale as a branch will be accomplished immediately and it is expected that very soon operation under the Bank of Italy's jurisdiction will be commenced. Sunnyvale is the center of an important industrial district, where branches of many Eastern factories are located. It is also in the heart of the rich Santa Clara Valley fruit country and in many respects is the metropolis of that portion of the state.

Mr. Giannini, president of the Bank of Italy, has expressed satisfaction with the development of that institution: "The action of the superintendent of banks has made it possible to extend the service of the bank to a large number of people in San Francisco who need just such accommodation, and to offer a vast portion of the San Joaquin and the Santa Clara Valleys metropolitan banking facilities equal to any west of Chicago.

"California has exhibited unusual com-

mercial strength during the serious crisis of the past year, and the officers of the Bank of Italy have great confidence in the ability of the State to successfully solve the remaining problems."

ELECTED SECRETARY OF ADVERTISING CLUB

Ralph P. Anderson, advertising manager and assistant to the president of the Sacramento-San Joaquin Bank, Sacramento, Calif., was recently elected secretary of the Sacramento Advertising Club.

Mr. Anderson, who is known to readers of the BANKERS MAGAZINE through his ar-



RALPH ANDERSON

Advertising manager of the Sacramento-San Joaquin Bank of Sacramento, Cal., who was recently elected secretary of the Sacramento Advertising Club

ticles on advertising, has been very successful in advertising his bank to the people of Sacramento and the four other California cities where the Sacramento-San Joaquin Bank, which has resources of thirty-five millions, has branches. He has introduced a number of unusual, successful plans.

Mr. Anderson is one of the younger element from which financial advertisers may expect much in coming years. Although he is but nineteen years of age, he has at-

tained a high executive position in a large bank and has become nationally known through his numerous, constructive articles on advertising and other banking problems. He is also known outside of the banking field, through his articles on such topics as financing businesses, salesmanship, and so on, in trade papers in varied fields.

EDWIN BIRD WILSON REPORTS ON BUSINESS CONDITIONS OF THE WEST

"General business conditions seem to be improving on the Western Coast as well as everywhere else," reports Edwin Bird Wil-



EDWIN BIRD WILSON

President of the advertising agency of Edwin Bird Wilson, Inc., New York and Chicago, who reports on business conditions of the West after spending the winter in California and the Western States

son, who has recently returned from a winter spent in California and other Western states. "Bankers especially, seem to have a strong feeling of optimism as to the outlook. Probably the possibilities of Oriental trade are in part responsible for this condition. With European conditions remain-

ing more or less upset the Western bankers are more and more satisfied with the opportunities for foreign trade that lie closest to them. Many think that for years they will have an advantage over the Eastern banker who will be called upon to finance imports and exports to European nations."

Mr. Wilson is president of Edwin Wilson, Inc., New York and Chicago, an advertising agency which has specialized for years in financial publicity.

"Naturally I was especially interested in a first hand study of advertising and new business methods among Coast bankers. I found that although modern bank advertising in the United States first developed east of the Mississippi, today the Western bankers are well abreast of Eastern financial institutions.

"The Liberty Loan drives undoubtedly had a stimulating effect upon the country's bankers in proving how publicity can help sell an investment to the American people. Western bankers still follow Liberty Loan methods in window and lobby displays. In fact, I should say that of all the American cities with which I am familiar, Los Angeles leads in the application of this particular form of advertising to a bankers' problems.

"Along with certain enthusiasm for the possibilities of business with the Orient, no one interested in banks or in advertising can return from the Western Coast without a wholesome respect for the recent strides made in bank publicity in that section of the country."

McMINNVILLE NATIONAL BANK OF OREGON

The growth of the McMinnville National Bank of McMinnville, Oregon, since it opened for business April 2, 1888 has been very steady. This is shown by the comparison of the figures of the first statement of April 30, 1888 and the statement of April 28, 1921. Total resources in 1888 were \$55,665.50; capital \$50,000; undivided profits, \$116.27 and deposits \$5,549.23.

The statement of April 28, 1921 showed total resources of \$1,221,056.46; capital, \$75,000; surplus, \$75,000, undivided profits, \$21,658.85 and deposits, \$979,397.61.



Dominion of Canada

Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland, Prince Edward Island and Yukon

ECONOMIC CONDITIONS IN CANADA

By J. W. Tyson

THE anticipation that spring might find materially easier conditions in the money situation in Canada has not been borne out to the extent hoped for and the statement of the chartered banks to the first of April shows that during that month there was again an upward turn in current loans which for several months after last harvest season had steadily contracted. Call money rates are firm around $6\frac{1}{2}$ per cent. but a lower rate had been hoped for by this time, although there are nothing like the fluctuations in call money rates in Canada as in the United States; during the whole period of the war the range was only from around 6 per cent. to $7\frac{1}{2}$ per cent., the control exercised by the banks being rather on the basis of needs and requirements in relation to available funds rather than the open working of the law of supply and demand.

During the period of deflation which commenced with the curtailment of commercial credits about a year ago and made itself evident in total current loans after the peak of the crop season, savings deposits continued to steadily increase and about the end of the year were greater than loans for the first time since before the heavy calls for the Government loan financing in the fall of 1919. The relationship of these two accounts during the past year is indicated in the following summary:

	Savings Deposits	Current Loans
1920		
April	\$1,209,573,990	\$1,347,238,230
May	1,229,073,515	1,349,079,981
June	1,243,700,977	1,365,151,083
July	1,253,170,443	1,377,276,853
August	1,261,647,732	1,385,470,153
September	1,270,194,097	1,417,520,756
October	1,271,275,751	1,405,401,227
November	1,292,009,008	1,357,973,118
December	1,293,007,488	1,301,804,302
1921		
January	1,313,093,870	1,264,490,463
February	1,318,855,482	1,266,253,381
March	1,319,142,196	1,280,982,873

During the period of declining current loans the banks were able to materially im-

prove their position with the Government in regard to advances on the basis of re-discounting provided for under the War Measures Act. Liabilities to the Dominion at the end of March were only \$114,200,000 compared with \$262,300,000 a year before.

FROZEN CREDITS

The necessity for increasing current loans and the general firmness in the money situation is explained by bankers in the term "frozen credits." There is a lot of capital tied up in wheat, live stock and other farm products which are being held for a better market; there is a lot of money tied up, too, in raw materials and industrial products which are not finding a ready market at the present price levels of manufactured goods. All this seems to spell further deflation before a healthy movement of goods and commodities between producer and consumer can be reestablished and until this condition is brought about there can hardly be a return of better times.

In agricultural and other basic commodities there have been declines in prices which have not yet been fully felt by the consumer. The farmers have taken their losses and are not finding inducements in retail reductions to enable them to buy as they did a year ago. The charge of anything like profiteering is resented all along the line between the producer of materials and the retailer. And yet it is evident that to get back to a healthy basis there must be further cuts in retail prices which can only be brought about by lower costs of production. The returns to capital, to management and to labor must all be adjusted. This will take time but the more quickly the situation is realized the better. Prosperity will not return until there is a new balance struck between the various classes in the community so that purchasing power and production will equalize in a way to bring about a return of confidence. The absorption of stocks of goods now on hand will be necessary to this end and this has been delayed by the adoption of a hand-to-mouth policy on the part of retailers, jobbers, etc., as well as industrial buyers of raw materials, and this

Are You Interested in Canadian Trade?



If so, this bank can be of service to you. With Branches and direct connections in all important centres throughout the Dominion and a Foreign Department maintained exclusively for their needs, Importers and Exporters can rely upon an unexcelled service.

For further particulars write

Foreign Department
Standard Bank of Canada
TORONTO

Resources over - - - - \$100,000,000.00

promises still to take a considerable time as markets which had been advanced to about a year ahead are now operated on a basis of immediately delivery only.

IN SOUTH AMERICA

The announcement of the opening of a branch of the Canadian Bank of Commerce at Port of Spain, Trinidad, which occurred during a visit by Sir Edmund Walker, president of the institution, to South America is another indication of the activities of the Canadian banks in foreign fields. During the past year several of the Canadian banks have extended their connections in the West Indies and South America, as well as in Great Britain and on the European continent. Describing business conditions of today in South America Sir Edmund Walker says that all the countries are suffering in much the same way as we are in North America and some of them a good deal more. Brazil cannot sell coffee and Argentine has wheat and meat in surplus, and finds that although there is a market for these things, the price is disastrous. Chile has little but nitrate and copper, and both of these are practically unsaleable at present. South American countries are adversely affected in foreign exchange, just as we are. There is no question about the future of South America.

The Merchants Bank has become affiliated with and will be the Canadian representative of the new International Acceptance Bank recently organized in New York.

TAXATION FOR REVENUE

Business generally has felt a measure of relief at the removal of the excess profit-

tax and the last of the luxury taxes under the budget of the Dominion Government although some such action had been generally anticipated. To make up the revenue which will be lost from the sources referred to there will be a general extension of the sales tax, the limited operation of which thus far has proven a success. The tax will be made to apply on the sales of manufacturers, wholesalers, jobbers and importers. Both the producer of raw materials and the retailer will not come under the arrangement which covers a levy from 1½ to 3 per cent. on domestic transactions up to 4 per cent. on imports where there would be only one turnover as compared with more than one in regard to a domestic product.

CONDITION OF BANK OF MONTREAL

The general statement of the Bank of Montreal shows total assets of \$507,199,946. Of this amount liquid assets total \$252,377,569, equal to 55.38 per cent. of liabilities to the public. Of the liquid assets gold and silver coin and Dominion notes represent \$70,971,332, equivalent to 15.57 per cent. of public liabilities. Total current loans and discounts, as well as loans to cities, towns, municipalities, etc., amount to \$244,301,772. Of this, current loans and discounts in Canada amount to \$206,049,887, loans to cities, towns and municipalities \$21,738,554, and current loans and discounts elsewhere than in Canada \$15,988,754. Total deposits are \$416,600,938, which includes deposits bearing interest of \$310,846,487, and deposits not bearing interest \$105,754,451.

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The Bankers magazine

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